Greencells GmbH
Saarbrücken

Short-form audit report
Annual financial statements and management report
31 December 2023

Translation from the German language

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

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Note:

We have issued the independent auditor's report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for disclosure in the *Bundesanzeiger* [German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the auditor's report or the attestation report thereon are intended for this purpose.

Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

Independent auditor's report

To Greencells GmbH

Opinions

We have audited the annual financial statements of Greencells GmbH, Saarbrücken, which comprise the balance sheet as at 31 December 2023 and the income statement for the fiscal year from 1 January 2023 to 31 December 2023 and notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of Greencells GmbH for the fiscal year from 1 January 2023 to 31 December 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the fiscal year from 1 January 2023 to 31 December 2023 in compliance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the Section "2.9 Impact of resources not presented in the financial statements and the significance of non-financial factors" of the management report.

Our opinion on the management report does not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saarbrücken, 27 June 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr. Zabel	Delizia
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Greencells GmbH, Saarbrücken
Balance sheet as of 31 December 2023

Assets	EUR	EUR	31 Dec 2022 EUR k
A. Fixed assets			
I. Intangible assets			
Purchased franchises, industrial and similar rights and assets as well as licenses to such rights and assets		1,097.00	8
II. Property, plant and equipment			
1. Plant and machinery	310,184.00		339
2. Other equipment, furniture and fixtures	526,174.00		625
		836,358.00	964
III. Financial assets			
1. Shares in affiliates	1,643,309.04		12,698
2. Equity investments	153,655.80		154
3. Other loans	70,370,609.37		50,690
		72,167,574.21	63,542
		73,005,029.21	64,514
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	321,700.00		110
2. Work in process	142,873,000.00		9,934
3. Prepayments	4,428,671.42		2,881
4. Prepayments received on account of orders	-141,842,547.04		-8,374
		5,780,824.38	4,551
II. Receivables and other assets			
1. Trade receivables	18,275,841.80		30,354
2. Receivables from affiliates	4,255,354.48		1,547
3. Other assets	2,321,200.46		759
		24,852,396.74	32,660
III. Securities			
Shares in affiliates		1,222.85	1
IV. Cash on hand and bank balances		8,512,757.99	9,983
		39,147,201.96	47,195
C. Prepaid expenses		466.34	1
D. Deferred tax assets		1,926,764.19	0
		114,079,461.70	111,710

Equity and liabilities	EUR	EUR	31 Dec 2022 EUR k
A. Equity			
I. Subscribed capital		42,520.00	43
II. Capital reserves		5,312,992.00	5,313
III. Profit carryforward		6,704,193.26	5,659
IV. Net loss/net income for the year		-9,124,820.18	1,045
		2,934,885.08	12,060
B. Provisions			
1. Tax provisions	1,486,812.86		2,851
2. Other provisions	10,721,593.16		5,840
		12,208,406.02	8,691
C. Liabilities			
1. Bonds	45,052,000.00		36,260
2. Liabilities to banks	2,333,508.60		3,846
3. Trade payables	20,506,826.16		14,753
4. Liabilities to affiliates	0.00		5,339
5. Other liabilities	31,043,835.84		30,761
thereof for taxes: EUR 2,692,416.24 (prior year: EUR 4,546k)			
		98,936,170.60	90,959
		114,079,461.70	111,710

Greencells GmbH, Saarbrücken
Income statement for fiscal year 2023

		EUR	EUR	2022 EUR k
1.	Revenue	50,642,286.63		142,710
2.	Increase/decrease in finished goods and work in process	132,939,000.00		-4,044
3.	Other operating income thereof income from currency translation: EUR 857,181.34 (prior year: EUR 1,224k)	3,017,455.56		1,331
			186,598,742.19	139,997
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies and of purchased merchandise	113,773,672.09		91,505
	b) Cost of purchased services	63,792,536.53		22,779
5.	Personnel expenses			
	a) Wages and salaries	6,920,545.29		6,450
	b) Social security, pension and other benefit costs thereof for old-age pensions: EUR 2,145.24 (prior year: EUR 9k)	1,129,508.45		980
6.	Amortization, depreciation and impairment of intangible assets and property, plant and equipment	276,938.13		205
7.	Other operating expenses thereof expenses from currency translation: EUR 336,074.59 (prior year: EUR 663k)	8,011,915.79		7,528
			193,905,116.28	129,447
8.	Income from equity investments	0.00		23
9.	Income from loans classified as fixed financial assets	5,105,827.45		3,160
10.	Other interest and similar income thereof from affiliates: EUR 485,131.00 (prior year: EUR 574k)	519,043.11		577
11.	Impairment of financial assets and securities classified as current assets	3,436,316.66		6,734
12.	Interest and similar expenses	7,199,708.61		4,218
			-5,011,154.71	-7,192
13.	Income tax (refund) thereof income from changes in recognized deferred taxes: EUR -1,926,764.19 (prior year: EUR 0k)		-3,202,435.05	2,309
14.	Earnings after taxes		-9,115,093.75	1,049
15.	Other taxes		9,726.43	4
16.	Net loss/net income for the year		-9,124,820.18	1,045

Greencells GmbH
Saarbrücken

Notes to the financial statements for fiscal year 2023

I. Register information

Greencells GmbH has its registered offices in Saarbrücken. The Company is entered in the commercial register of Saarbrücken Local Court under HRB no. 17943.

II. General disclosures and explanations to the financial statements

The annual financial statements for fiscal year 2023 have been prepared in accordance with the provisions of Sec. 242 et seq. HGB ["Handelsgesetzbuch": German Commercial Code], observing the supplementary provisions for large corporations (Sec. 264 et seq. HGB), and the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act].

These annual financial statements have been prepared using the classification and valuation principles that applied in the prior year in compliance with the provisions of the HGB applicable to large corporations (Secs. 265 (1) Sentence 2, 266 et. seq. HGB).

The income statement has been prepared using the cost-summary method pursuant to Sec. 275 (2) HGB.

III. Accounting policies

Intangible assets are stated at acquisition cost less amortization over the useful lives customary in the industry.

Property, plant and equipment are recognized at acquisition or production cost less depreciation over the useful lives customary in the industry. Low-value assets with an individual net value not exceeding EUR 800.00 are fully expensed in the year of acquisition. It was not necessary to record any impairment losses (Sec. 253 (3) Sentence 5 HGB). The average useful life of property, plant and equipment is six to 10 years for machinery and technical equipment and one to 19 years for operating and office equipment.

Financial assets are measured at cost or, if permanent impairment is assumed, lower fair values. The investment in the affiliate Pekan Energy I Pte. Ltd, Singapore, was impaired by EUR 318k (Sec. 253 (3) sentence 6 HGB). Loans reported under financial assets are measured at nominal value or, if permanently impaired, at net realizable value.

Raw materials, consumables and supplies are valued at actual or average acquisition cost. Deductions were charged on the lower net realizable value.

Work in process was valued at production cost (direct costs, an appropriate share of materials and production overheads as well as depreciation of fixed assets used in production, Sec. 255 (2) HGB). Production cost was compared with the expected net revenue from construction contracts. Taking the strict lower of cost or market principle into account, they were recognized at their lower net realizable value (principle of valuation at net realizable value).

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs.

Apart from customary retention of title, no inventories have been pledged as security to third parties.

Prepayments are stated at their nominal value.

Prepayments received on account of orders were deducted from inventories on the face of the balance sheet in accordance with Sec. 268 (5) Sentence 2 HGB.

Receivables and other assets are stated at nominal value. Identifiable risks and general credit risks are accounted for using appropriate allowances.

Securities held as fixed assets are stated at the lower of cost or net realizable value. Impairment to the lower realizable value was not required.

Cash on hand and bank balances are stated at nominal value. Cash and cash equivalents in foreign currency were valued using the euro foreign exchange reference rate on the reporting date.

Prepaid expenses comprise expenses paid before the reporting date that relate to expenditure for a certain period after that date.

Equity is recognized at nominal value.

Tax provisions and **other provisions** account for all recognizable risks and uncertain liabilities. Provisions were valued at the settlement value expected to be required based on prudent business judgment. In the case of an underlying obligation with a term of more than one year, the settlement amount of the corresponding provision is discounted to the reporting date at the interest rate appropriate to the term in accordance with Sec. 253 (2) Sentence 1 HGB.

Liabilities are recorded at their settlement value.

Deferred taxes are calculated for temporary differences between the carrying amounts in the statutory accounts and their tax carrying amounts that are likely to reverse in subsequent fiscal years. Deferred tax assets and liabilities are offset. Any resulting aggregate tax burden is recognized as a deferred tax liability in the balance sheet. The option in accordance with Sec. 274 (1) Sentence 2 HGB is exercised and deferred tax assets are recognized for any result net tax relief.

Transactions in **foreign currency** were recorded using the current exchange rate. Receivables and liabilities denominated in foreign currency were valued using the euro foreign exchange reference rate on the reporting date (Sec. 256a HGB).

Gains and losses from converting foreign currency transactions are disclosed under the income statement items “Other operating income” or “Other operating expenses”.

IV. Notes to the balance sheet and income statement

Fixed assets

For the development of the individual items listed under fixed assets, please refer to the attachment to the notes.

The Company's shareholdings within the meaning of Sec. 285 No. 11 HGB break down as follows:

Affiliates/shareholdings	Share in capital		Equity as of 31 Dec 2023		Net income/loss for 2023
	EUR	%		EUR k	EUR k
Greencells CEE SRL, Cluj, Romania	1.00	100	RON	-3,695	-1,732
Greencells USA Inc., Wilmington, USA	881.06	100	USD	-8,325	-4,720
Pekan Energy I Pte. Ltd., Singapore	1,625,993.33	100	USD	1,797	-397
Greencells Hungary KFT, Budapest, Hungary	8,216.00	100	EUR	12	9
Greencells Construction KFT, Budapest, Hungary	8,216.00	100	EUR	703	-147
Greencells Albania Construction shpk, Tirana, Albania 2)	0.96	100		-	-
Greencells Canada Construction Ltd, Calgary, Canada 2)	0.69	100		-	-
Green Solar Energy Pte. Ltd., Singapore 1)	153,655.80	15	USD	45	-292

1) 2021, most recent annual financial statements available

2) No annual financial statements available yet; these are newly founded companies

Receivables and other assets

The following residual terms apply to receivables and other assets (prior-year figures in brackets):

2023	Total	Due in up to one year	Due in more than one year
	EUR	EUR	EUR
Trade payables	18,275,841.80	18,275,841.80	0.00
	(30,353,617.49)	*(30,353,617.49)*	*(0.00)*
Receivables from affiliates	4,255,354.48	4,255,354.48	0.00
	(1,547,281.64)	*(1,513,450.59)*	(33,831.05)
Other assets	2,321,200.46	2,321,200.46	0.00
	(759,481.18)	(759,481.18)	*(0.00)*
	24,852,396.74	24,852,396.74	0.00
(prior year)	(32,660,380.31)	(32,626,549.26)	(33,831.05)

Trade receivables include receivables from affiliates in the amount of EUR 210k (prior year: EUR 2,183k) and receivables from shareholders in the amount of EUR 90k (prior year: EUR 90k).

Receivables from affiliates stem exclusively from short-term loans.

Deferred tax assets

The deferred tax assets reported as of the reporting date result from tax loss carryforwards that are expected to be amortized over the next five fiscal years. The valuation of deferred tax assets is based on a tax rate of around 33.0%.

Equity

The **capital stock** of EUR 42,520.00 is fully paid in.

The **capital reserves** result from additional contributions by the shareholders pursuant to Sec. 272 (2) No. 4 HGB in the fiscal years 2015 and 2018.

The net loss of EUR 1,044,602.79 in the prior year was carried forward to new account in accordance with a shareholder resolution.

Tax provisions

The tax provisions relate to trade tax (EUR 1,487k) for the assessment years 2021 and 2022. Hungarian and Romanian income taxes for 2023 are also included (EUR 100k).

Other provisions

Other provisions contain amounts for personnel expenses (EUR 559k), archiving requirements (EUR 15k), other provisions for outstanding costs (EUR 9,383k), warranty obligations (EUR 540k) as well as costs associated with preparing and auditing the financial statements and consulting fees (EUR 225k).

Liabilities are due as follows (prior-year figures in brackets):

		Due in	
	Total	up to one year	more than one year
	EUR	EUR	EUR
Bonds	45,052,000.00	45,052,000.00	0.00
	(36,260,000.00)	*(0.00)*	*(36,260,000.00)*
Liabilities to banks	2,333,508.60	1,552,817.92	780,690.68
	(3,846,359.33)	*(1,538,671.33)*	*(2,307,688.00)*
Trade payables	20,506,826.16	20,506,826.16	0.00
	(14,753,101.81)	*(14,753,101.81)*	*(0.00)*
Liabilities to affiliates	0.00	0.00	0.00
	(5,338,869.83)	*(5,338,869.83)*	*(0.00)*
Other liabilities	31,043,835.84	30,643,294.54	400,541.30
	(30,760,919.78)	*(30,362,204.05)*	*(398,715.73)*
- thereof for social security	20,596.52	20,596.52	*0.00*
	(2,629.39)	*(2,629.39)*	*(0.00)*
	98,936,170.60	97,754,938.62	1,181,231.98
(prior year)	*(90,959,250.75)*	*(51,992,847.02)*	*(38,966,403.73)*

There are no liabilities with a term of more than five years.

The bond is secured by pledging shares in solar project companies that are held by the related company Greencells Group Holdings Ltd. or by a person related to that company and are secured by the collateral assignment of Greencells GmbH’s receivables from related EPC agreements in an amount of EUR 10.0m. Liabilities to banks are not secured. Trade payables are partly secured by suppliers’ retention of title.

Trade payables include liabilities to affiliates of EUR 1,801k (prior year: EUR 7,678k).

There are no liabilities to affiliates (prior year: EUR 5,338k from loans).

At EUR 26.3m, other liabilities mainly comprise loans from Zahid Group Holding Limited, Dubai, United Arab Emirates. As of the reporting date, these loans are classified as short-term. An amendment agreement was concluded in fiscal year 2023, according to which the amount is to be repaid by 1 August 2024. However, the loans will not be called in by the shareholder if this would have an effect on the going concern basis.

In addition, a contribution by silent partners is recognized in other liabilities. As of the reporting date, this figure amounts to EUR 40k (prior year: EUR 120k). The silent partnership will end on 30 June 2024. This is being repaid in 10 equal half-yearly installments of EUR 40k each starting in 30 December 2019. Both fixed and variable remuneration have been agreed as a participation fee.

Revenue

Revenue pertains to the planning, development and construction of solar power plants.

Revenue by market	**2023**	**2022**
	EUR k	EUR k
Europe	45,582	132,335
Middle East	5,060	10,322
Asia	0	53
	50,642	142,710

Other operating income

Income relating to other periods amounting to EUR 1,961k was reported in fiscal year 2023. These are attributable to the reversal of provisions (EUR 856k), the derecognition of liabilities no longer payable (EUR 838k) and the reimbursement of expenses from prior years (EUR 267k).

Other operating expenses

Other operating expenses contain out-of-period expenses of EUR 148k (prior year: EUR 593k). These are mainly attributable to the derecognition of input taxes that are no longer recoverable (EUR 122k) and a waiver of receivables (EUR 26k).

Impairment of financial assets and securities classified as current assets

Write-downs of financial assets and current securities include write-downs on short-term loans to affiliates of EUR 3,118k (prior year: EUR 4,679k).

Income taxes

Income tax (refunds) include out-of-period tax income of EUR 1,409k. In addition to tax refunds and reversals of tax provisions for Hungarian income taxes, this income mainly includes reversals of provisions for corporate income tax due to a carryback of losses.

V. Additional mandatory disclosures

Distribution restriction

With regard to the recognized deferred taxes (EUR 1,927k), there is a restriction on distribution in accordance with Sec. 268 (8) HGB.

Contingent liabilities

The Company is liable for potential obligations of affiliates (EUR 4.6m) and companies belonging to the Greencells Group Holdings Ltd, Abu Dhabi, United Arab Emirates (EUR 18.7m) totaling EUR 23.3m. Based on previous experience, the probability of a claim is estimated to be low.

Other financial obligations

Other financial obligations break down as follows:

	up to one year EUR k	one to five years EUR k
Rent	94	99
Insurance	544	0
Leases	138	43
Purchase commitments	42,260	0
Total	43,036	142

Auditor's fees

The **total fees charged by the auditor** for the fiscal year amount to EUR 181k. EUR 173k thereof relates to audit services and EUR 8k to audit-related services.

Average number of employees for the year

	2023	2022
Full-time employees	92	83
Part-time employees	28	17
Total	120	100

Group relationships

Since fiscal year 2019, Greencells GmbH has prepared the consolidated financial statements for the smallest and largest group of companies which are published in the *Unternehmensregister* [German Company Register].

Advisory board

As a result of the amendments to the articles of incorporation and bylaws from 5 July 2018, an advisory board was set up as a corporate body (without monitoring function). The advisory board comprises four members, who did not receive any remuneration.

The members of the advisory board are:

- Majid Tala Y. Zahid, Dubai, United Arab Emirates; Group President Energy, Chairman
- Aladdin R. Sami, Jeddah, Saudi Arabia; Executive Managing Director
- Andreas Hoffmann, Saarbrücken; CEO
- Marius Kisauer, Saarbrücken; entrepreneur

Management

The following person was general manager during the fiscal year:

- Mr. Andreas Hoffmann, Saarbrücken; CEO
- Mr. Götz Gollan, Kelkheim; CFO

Both general managers are authorized to represent the Company alone. Andreas Hoffmann is exempted from the restrictions prescribed in Sec. 181 BGB [“Bürgerliches Gesetzbuch”: German Civil Code].

With reference to the protective clause afforded by Sec. 286 (4) HGB, the Company did not disclose total management remuneration.

Subsequent events

On 26 June 2024, the management board decided to call the Green Bond with a current outstanding nominal volume of EUR 47.1m, complying with the minimum notice period of 30 days until 29 July 2024 in accordance with the terms and conditions of the bond, and to repay 102% of the nominal amount plus interest accrued up to that date. The repayment is to be made from bank financing, which Greencells Energy NL B.V., a subsidiary of Greencells Group Holdings Ltd., will receive from an international bank in Austria and pass on to Greencells GmbH for the purpose of repaying the bonds and in fulfillment of liabilities to Greencells GmbH.

The receivables from the sister group and the liabilities from the Green Bond will therefore be reduced by the corresponding amount in the current fiscal year and the total equity and liabilities will be significantly reduced (with all other variables held constant). The lower level of debt and higher equity ratio lead to a significant improvement in the risk position of the GmbH Group.

The general manager (CFO) Götz Gollan will leave the Company when his contract expires on 31 August 2024. Tobias Nicolay has been appointed as his successor as CFO with individual signing authority and takes up his position on 1 July 2024. Andreas Hoffmann will continue to manage the Company at management level.

Appropriation of profit

Management proposes to carry forward the net income for the year to new account.

Saarbrücken, 27 June 2024

Greencells GmbH

Andreas Hoffmann General Manager	Götz Gollan General Manager

Greencells GmbH, Saarbrücken

Statement of changes in fixed assets for fiscal year 2023

	Acquisition and production cost				Accumulated amortization, depreciation and impairment				Book values	
	1 Jan 2023	Additions	Disposals	31 Dec 2023	1 Jan 2023	Additions	Disposals	31 Dec 2023	31 Dec 2023	31 Dec 2022
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR k
I. Intangible assets										
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	32,928.00	0.00	0.00	32,928.00	25,262.00	6,569.00	0.00	31,831.00	1,097.00	8
II. Property, plant and equipment										
1. Land, land rights and buildings, including buildings on third-party land	71,663.45	0.00	71,663.45	0.00	71,662.45	0.00	71,662.45	0.00	0.00	0
2. Plant and machinery	759,288.35	23,262.86	5,717.46	776,833.75	420,007.35	52,355.86	5,713.46	466,649.75	310,184.00	339
3. Other equipment, furniture and fixtures	1,222,854.74	119,702.27	244,778.45	1,097,778.56	598,289.74	218,013.27	244,698.45	571,604.56	526,174.00	625
	2,053,806.54	142,965.13	322,159.36	1,874,612.31	1,089,959.54	270,369.13	322,074.36	1,038,254.31	836,358.00	964
III. Financial assets										
1. Shares in affiliates	14,753,370.14	1.65	10,736,639.19	4,016,732.60	2,055,048.11	318,375.45	0.00	2,373,423.56	1,643,309.04	12,698
2. Equity investments	153,655.80	0.00	0.00	153,655.80	0.00	0.00	0.00	0.00	153,655.80	154
3. Other loans	50,690,059.10	22,132,927.12	2,452,376.85	70,370,609.37	0.00	0.00	0.00	0.00	70,370,609.37	50,690
	65,597,085.04	22,132,928.77	13,189,016.04	74,540,997.77	2,055,048.11	318,375.45	0.00	2,373,423.56	72,167,574.21	63,542
	67,683,819.58	22,275,893.90	13,511,175.40	76,448,538.08	3,170,269.65	595,313.58	322,074.36	3,443,508.87	73,005,029.21	64,514

Translation from the German language

Exhibit 4

Management report of Greencells GmbH, Saarbrücken, for fiscal year 2023

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1. Company background

1.1 Description of the business model

Greencells GmbH, Saarbrücken, (the “Company”) and its affiliates (the “GmbH Group”) build turnkey solar power plants in the business-to-business (“B2B”) segment and, with around 432 employees (prior year: 341) (annual average 2023), are one of Europe’s largest providers in this field. The completed power plants with a total installed capacity of around 3.0 GWp (as of April 2024) in more than 20 countries now generate enough green electricity to meet the average energy needs of nearly 1.2 million households. Our main fields of activity are engineering, procurement and construction (EPC) and the technical operation and maintenance (O&M) of power plants worldwide.

The Company strategy is to further expand the strong position in the dynamic and growing European solar power market as a pure play solar power supplier with what we consider to be in-depth technical expertise and, in particular, to exploit market potential in the emerging Eastern European solar power market. As a general contractor, it provides all relevant EPC and O&M services together with its subsidiaries. In addition to the projects acquired by the sales function for third parties – who are often longstanding customers – these services are also provided for projects of the sister company Greencells Group Holdings Ltd, Abu Dhabi, United Arab Emirates (with its affiliates the “Holdings Group” and the GmbH Group the “Greencells Group” or “Greencells”). As an internal service provider and asset manager, the Company also provides significant support to the Holdings Group in the selection, review, acquisition, financing and subsequent divestment of the projects held as special purpose vehicles.

The Holdings Group operates as a solar project developer. It conducts project development through the special purpose vehicles it holds in the various countries together with local development partners, some of whom also hold shares in the project companies. The projects are then sold to investors when a suitable milestone is reached, e.g., when they are ready for construction, have been connected to the grid or are in the initial phase of operation. The construction of the power plants in Europe and North America is usually carried out in Europe and by the GmbH Group, which bills the corresponding services to the respective project companies. In the Middle East, Africa, Asia and Pacific, the EPC business is also carried out by Holdings Group companies.

In addition, Greencells GmbH finances the development business of the Holdings Group substantially through its secured 6.5% Green Bond 2020/2025 (ISIN: DE000A289YQ5) (“Green Bond”), the cash inflows from which are passed on to the corresponding development projects in the form of interest-bearing loans. The Green Bond is essentially secured by pledging project companies of the Holdings Group. The proceeds from the disposal of these companies is to be used to repay the financing.

In May 2023, the management bodies of Greencells and the shareholders decided to focus the overall Group strategy entirely on the EPC business in Europe and to divest the Holdings Group's development business (portfolio and platform) and the non-European EPC business within the Holdings Group in a structured process.

The divestment process was launched in summer 2023 and is well advanced. In an interim step, management decided on 26 June 2024 to call the Green Bond with a current outstanding volume of a nominal value of EUR 47.1m, complying with the minimum notice period of 30 days in accordance with the terms and conditions of the bond as of 29 July 2024, and to repay 102% of the nominal amount plus interest accrued up to that date. The repayment is to be made from bank financing, which Greencells Energy NL B.V., Bussum, Netherlands, a subsidiary of Greencells Group Holdings Ltd., will receive from an international bank in Austria and pass on to Greencells GmbH for the purpose of repaying the bonds and in fulfillment of liabilities to Greencells GmbH. The receivables from the sister group and the liabilities from the Green Bond will therefore be reduced by the corresponding amount in the current fiscal year and the total equity and liabilities will be significantly reduced (with all other variables held constant). The lower level of debt and higher equity ratio lead to a significant improvement in the risk position of the Group.

The additional proceeds from the sale will be used to repay the Holdings Group's other liabilities to Greencells GmbH. The Company would in turn use these to repay loans from Zahid Group Holding (MENA) Holding (MENA) Limited, Dubai, United Arab Emirates, and to strengthen the liquidity base. In this way, the profitable growth of the GmbH Group would be combined with a leaner balance sheet and a reduced risk profile.

In the reporting year, the measures to diversify the types of business were initiated for the EPC business of the GmbH Group, with a shift away from the capital-intensive "full EPC" business toward "EPC light," "general contracting" and "construction only." This is intended to reduce project volumes, procurement risks, financing and guarantee requirements.

1.2 Phases of the business model

With regard to the respective power plant projects, Greencells' business model can be divided into the phases (1) project development, (2) construction and (3) operation.

1.2.1 Project development

In the first phase, the Holdings Group develops solar projects – usually in cooperation with local project developers – until they are formally ready to build and ready for financing; the nature and scope of activity differs according to (i) the early phase of project development, (ii) the mid-development phase and (iii) the late development phase.

In the **early phase** of project development, the feasibility of a project is examined in detail from a technical, economic and legal perspective. This involves assessing local insolation levels, identifying and evaluating suitable sites, examining the possibilities for securing such sites over the long term, initially assessing the economic viability of a potential project on the basis of the available possibilities for marketing the electricity, e.g., via tenders, long-term power purchase agreements or specific statutory feed-in tariffs, construction and operating costs, financing options and possibilities for connecting to the grid or selling to local power users as well as checking permit requirements. In this phase, the cost of verifying the basic feasibility of a project is low. In the early phase, the Holdings Group selectively conducts its own developments or carries out its own assessment of the feasibility of potential development partners' projects, drawing on its own experience in the construction and operation of solar projects. We believe that this experience and know-how-based analysis of the feasibility of a potential development project is a significant competitive advantage and an important filter for minimizing possible development risks. To standardize this process, Greencells has been using an internal system to steer the development process since 2022, which allocates the financial and organizational resources required in each project phase according to the progress of a project's feasibility.

If the feasibility analysis is positive, the first step in the **mid-development phase** is usually to establish a project company (special purpose vehicle). This is followed by formally securing the land by entering into lease or purchase options and making the necessary preparations to secure the grid connection. Necessary expert opinions, such as environmental impact assessments and soil analyses, e.g., for technical suitability, contamination, archaeological heritage or legacy issues are prepared. At the same time, the possibilities for landscaping and, if necessary, for combining PV with agricultural use are analyzed. Formal permit applications to the competent authorities are prepared and submitted, including the results of environmental impact assessments and other surveys. Furthermore, all formalities regarding feed-in approval and the transmission route are cleared with the local grid operators and energy utilities. As a rule, the Holdings Group enters into development cooperations in the mid-development phase, at which point the feasibility of the projects can be reliably assessed. For this purpose, comprehensive economic viability calculations are performed and external expert opinions are obtained. The Holdings Group always strives to be an effective partner to the public authorities, land owners and local residents and to incorporate nature and landscape conservation considerations into the planning and subsequent implementation.

In tandem with the abovementioned measures, an initial detailed planning and costing of the construction of the power plant is carried out by the Greencells GmbH operations team. Preliminary finance planning also commences. In this phase, the Holdings Group usually acquires the project rights from the local developers in the early phase and attaches the payment of the purchase price to the achievement of key milestones of the project, such as firm grid connection commitments, designation of the site for the construction of a solar park by the competent authorities or formal building permit. In addition, the definition of the milestones incentivizes the development partner, ensuring that they bear a purchase price risk until the plant is connected to the grid. In addition to the milestone payments, cooperating on the sale of project rights in the mid-development phase means that local developers have access to Greencell's expertise in development, grid connection, procurement, construction and financing. The Holdings Group acts as an enabler and optimizer in this phase, reducing the implementation risk. In many cases, it is only by teaming up with Greencells that development partners are able to provide guarantees, e.g., for grid connection or participation in tenders.

Finally, in the **late development phase**, the financing model is finalized. This is done on the basis of verified schedules, investment, finance and cost plans, which have already been coordinated by Greencells GmbH (technology, procurement and finance) with suppliers, service providers and financing institutions with regard to construction financing and/or project financing. After this, the preliminary technical planning is completed. During this phase, the building permits are also formally issued, at the same time the grid connection and the cable route are formally secured and the grid operator's technical specifications for the connection are finalized. In addition, the marketing of electricity is typically determined either by participating in government tenders or entering into power purchase agreements (PPAs) with manufacturing companies or utilities.

The Holdings Group selectively enters into development collaborations in late phases or can acquire project rights, in particular to secure EPC contracts and the corresponding margins.

1.2.2 Construction

For projects in Europe and North America, the companies of the GmbH Group mainly provide EPC services in the construction phase, while projects in the Middle East, Africa and Asia are executed by the Holdings Group, which in turn utilizes the internal resources of the GmbH Group. The regions outside Europe are no longer relevant for Greencells due to its focus on the European markets and only played a very minor role in the reporting year.

Implementation is usually as a general contractor for turnkey construction. Greencells GmbH plans the entire construction project and is responsible for erecting the plant and any accompanying work, in particular for connecting to the power grid. This includes pre-planning, design and engineering, procurement, construction and project management, selecting and coordinating subcontractors and suppliers, construction work and comprehensive support services, in particular in construction progress control, cost control, quality management, achieving the technical conditions for connection, warranty management and certification. The actual construction of the power plant is done both by in-house specialists (from the affiliate Greencells CEE Srl, Cluj, Romania), who are deployed internationally, and by local subcontractors with whom Greencells has often worked together successfully for many years.

In connection with the projects, Greencells usually provides the customer with completion guarantees (time and costs), warranties and performance guarantees to the highest standards.

Greencells GmbH also has its own procurement team and longstanding and proven relationships and framework agreements with suppliers of Tier 1 components (modules, inverters, substructure) and believes that this gives it an edge over other competitors in terms of availability, purchase prices and other terms and conditions.

The components, which often account for up to 50% of the total cost of a project, are usually sourced for full EPC projects by Greencells GmbH. Depending on the milestone payment terms agreed with the customer, substantial bridge financing may be required in some cases. This may also be backed by letters of credit and other types of trade finance. In other projects, however, the components can be procured directly by the customer (EPC light, general contracting and construction only). The Company expressly aims to strategically increase the proportion of such projects.

The financing of the solar projects during the construction phase and the necessary guarantees, sureties and other collateral products are provided by an extensive network of financing partners.

After the solar park has been commissioned and connected to the grid, power production and export initially begins in a testing phase with a start-up curve agreed with the grid operator. The ability to control power generation from park for the provision of grid services, grid compatibility and compatibility with any energy storage systems to be installed at a later date is also tested.

1.2.3 Operation

During the operation phase, a distinction can be made between early operation and long-term operation. Solar projects are designed to last at least 30 years and, due to the technical quality of the modules, can run for up to 50 years – with low and predictable transmission line losses due to degradation. The replacement of inverters and other components is often scheduled during this time, for which reserves are factored into the calculation from the outset.

During the operation phase, Greencells GmbH offers O&M services, usually limited to the first two years of operation, and/or carries out the asset management for the project company, thereby helping to ensure that the operation, profitability and service life of the solar parks are optimized for the benefit of the end investors. Depending on the project, this may include the marketing of power, providing billable grid services, arranging connections to energy storage systems or integration in virtual power plants.

1.2.4 Divestment of projects

As a rule, the Holdings Group's projects are divested by the special purpose vehicles at the end of the development phase, i.e., when they are ready to build (RTB). However, in order to recover funds early, projects may be sold before that, or purchase agreements may also be concluded that provide for early advance payments by the buyer until RTB status is achieved.

In some cases, the purchase agreements for projects are also structured in such a way that the shares are not transferred to the buyer until solar park has been built turnkey completion. When shares are transferred at an earlier stage, the operator company holds the project right, i.e., the right to build and operate the solar park on a specific site, which is thus transferred to the investor when the shares in the operator company are sold (sale of the project right). In such a sale of the project right, the investor becomes the owner of the shares in the operator company before construction starts and bears the risks associated with construction and the start-up of operation, but secures them by means of warranties, guarantees, claims for damages or rights of withdrawal against the seller of the shares or the general contractor. The power plant can also be constructed by third-party EPC providers.

Where projects are divested before reaching RTB status, the Holdings Group usually enters into development service agreements (DSAs) undertaking to perform the development work needed to achieve RTB status. Conversely, some projects are not sold until after they have been built and are in the early operating phase. A sale after an initial operating period regularly commands a higher purchase price because planning parameters can be backed by real-world figures, e.g., insolation, performance ratio, energy production. The performance ratio, a key quality indicator for assessing the performance of solar parks, is often higher than originally planned for the plants built by Greencells.

Within this range, the ideal time of sale is determined for each project held by the Holdings Group. A project can be divested individually, or by combining several projects in a portfolio. Parallel to the sale in project phases up to RTB status, a contract is usually concluded between the project company and the GmbH Group for the construction and, if necessary, the provision of O&M services for the sold project. Therefore, in addition to the actual purchase agreement for the shares of the project company, the sale documentation often contains further agreements relating to development work (DAS), construction (EPC) and operation (O&M, asset management).

Due to the strategic focus on the EPC business decided in 2023, the Holdings Group is currently preparing to sell the entire development portfolio across all development stages of the projects to an investor.

1.3 Affiliates and operating companies

Greencells GmbH, founded in 2009 and based in Saarbrücken with branches in Romania and Hungary, and which employed an average of 120 employees (prior year: 100) in fiscal year 2023, is the parent company of the GmbH Group. It is typically the contractor for the EPC and O&M business and provides asset management services for the Holdings Group. As in the prior year, Andreas Hoffmann (CEO) and Götz Gollan (CFO) held the management function.

At the end of 2023, the GmbH Group had the following affiliates which are of importance for the operations of Greencells GmbH (wholly owned, except where otherwise stated):

- Greencells CEE S.r.l., Cluj-Napoca, Romania
- Greencells Construction Kft., Budapest, Hungary
- Greencells Hungary Kft., Budapest, Hungary
- Greencells USA Inc., Atlanta, USA
- Pekan Energy I Pte Ltd, Singapore, with its subsidiary Halpro Engineering Sdn Bhd, Kuala Lumpur, Malaysia (0.08%)

Greencells CEE S.r.l., which employs the experienced installers required for the construction part of the EPC business, is central to value creation in the GmbH Group. With over 297 employees (prior year: 217) (annual average), the Company is also the largest employer in the GmbH Group.

Greencells Construction Kft. and Greencells Hungary Kft. implemented EPC projects in Hungary in the past. While the former company is still active in the O&M area, the latter is to be liquidated in the current year.

Greencells USA Inc. manages the EPC business in the US (which is also being phased out).

Companies were established in Asia in the past to develop and build the Pekan solar park in Malaysia. These include Pekan Energy I Pte. Ltd. and Halpro Engineering Sdn Bhd. This project was wrapped up on 16 December 2021 following the completion of construction work and subsequent partial sale of the project company Halpro Engineering Sdn Bhd. Pekan Energy I Pte. Ltd. continues to hold shares in the Pekan solar park as a holding company.

Greencells Regio GmbH, Losheim am See, which carries out photovoltaic projects for smaller ground-mounted and rooftop systems on the German solar market, was sold in its entirety in May 2023 as its activities are not a focus of the GmbH Group's business model.

The other subsidiaries Greencells Albania Construction Shpk, Tirana, Albania, and Greencells Canada Construction Ltd, Calgary, Alberta, Canada, were founded in 2023 in anticipation of possible EPC projects in these countries. Greencells CEE Ltd. was originally intended as a subsidiary of Greencells CEE S.r.l. for construction services in the UK, but was dissolved in 2024.

1.4 Objectives and strategy

The entrepreneurial goal of Greencells is to establish itself as one of Europe's leading EPC providers for solar power plants, to generate sustainable positive earnings and net cash flows and at the same time to make a substantial contribution to climate-friendly and sustainable energy generation.

This objective is to be achieved in particular through the following strategic measures:

1.4.1 Specialization in solar energy in response to climate change

All around the world, large-scale government programs such as the European Green Deal are aimed at promoting renewable energy production and averting climate change. Institutional investors are increasingly training their sights on climate-conscious investments. Large companies are trying to stabilize their energy costs amid rising energy prices and volatility. Market structures are changing dynamically – for example, European solar power purchase agreements (PPAs) are replacing previous feed-in tariffs. Global carbon emissions are rising again after the pandemic.

At the same time, renewable energy sources are now economically competitive. The segment includes various methods of sustainable energy generation. The cost structure of solar energy has improved dramatically in recent years. It is by far one of the cheapest sources of energy and its cost profile now makes it more economical than fossil fuels such as coal and gas.[1] At the same time, advancing digitalization enables an increasingly better integration of energy generation, storage, transport and consumption. The production of green hydrogen also requires the use of renewable forms of energy.

Against this background, Greencells has made a strategic decision to continue to operate exclusively in its established solar power segment. The Company is thus positioning itself as a pure-play provider of turnkey solar power plants, leveraging its competitive advantages from many years of project experience.

This strategy does not exclude the creation of added value together with producers of other forms of energy, for example by co-using sites with wind turbines and thus sharing existing feed-in points.

1.4.2 Regional focus on Europe

After several years of internationalization, during which Greencells was active in almost all relevant regions of the world, its focus now and in the future is on the European markets. According to estimates by the industry association Solar Power Europe, additions in the segment of utility-scale photovoltaic power plants relevant to Greencells are expected to

[1] Bloomberg Finance, 2023, internet

more than double in the next four years from around 19 GWp in 2023 to 41 GWp in 2027.[2] In our opinion, this alone holds immense business potential for Greencells.

Furthermore, in Europe, the Company operates in a comparatively homogeneous legal, customs and currency area, in countries where it has already gathered extensive experience. Greencells also benefits from its physical proximity, which enables the optimized deployment of its highly qualified and experienced installation teams and reduces dependence on external partners. Particular potential is seen in the Eastern European countries, where it has already successfully entered the first markets, namely Poland, Hungary and Romania. The UK and Ireland were another regional focus in the reporting year.

Management sees lower technology risks and strategic advantages associated with developed European markets for renewable forms of energy with experienced players along the entire value chain, including project financing (efficient financial and capital markets, euro area). The expansion of renewables is also receiving strong political support in the European Union through the European Green Deal, combined with financial incentives.

The European markets are becoming even more attractive as commercial investors (e.g., energy producers, oil companies, industrial companies) are keen to acquire photovoltaic projects for energy generation. Institutional investors are also stepping up their activities in this asset class in order to meet their investors' appetite for sustainable (ESG – Environment, Social, Governance) investment opportunities or to reallocate funds from the (contracting) real estate market.

The Company will gradually phase out its activities in other regions of the world and sell or liquidate the local entities. Nevertheless, in certain cases, it will still be able to take advantage of opportunities in non-European OECD countries with an attractive risk-return profile. However, it sets high standards for compliance, project yield and the legal and political environment.

1.4.3 Focus on specific project types and sizes

The Company focuses on power plants in the range of 20 to 250 MW for which Greencells spans the entire value chain. According to management, it holds particular competitive advantages for projects with high quality and technology standards. The increasing complexity created by the need for grid integration, demand management, storage, hybrid solutions, agrivoltaics, floating photovoltaics or carport solutions makes Greencells a preferred partner for local developers and investors, as the Company has many years of project experience, extensive technological expertise (also through its own R&D), in-house engineering capabilities and technology alliances.

[2] SolarPower Europe, 2023b, p. 44

In addition, when initiating and negotiating EPC projects Greencells strives to minimize the working capital required for procurement. This can be done, for example, by arranging appropriate milestone payment plans or “EPC light” structures (where customer sources key components directly from the supplier).

1.4.4 Expansion of in-house installation team

According to management, the EPC installation team will be instrumental in achieving further growth. The expansion and continuous further qualification of the team based on a special training concept ensures its availability and a high quality of training. Investments in the team and infrastructure as well as the use of the pipeline of the Holdings Group’s projects will increase the volume of services in the future, boost efficiency, stabilize capacity utilization and reduce negative effects from project postponements (which will remain unavoidable in the future) through a better distribution of risk associated with the increased size.

1.4.5 Creation of more financial headroom

The sale of the development business will free up significant funds, some of which will be used to repay the financing provided by Greencells GmbH. In turn, the latter will use the funds to repay loans from the Zahid Group and to create a substantial and sustainable liquidity base. This is expected to significantly improve debt-related balance sheet ratios. At the same time, it will allow the Company to meet any temporary working capital requirements from EPC projects from its own funds. According to the management, this will structurally improve creditworthiness and reduce the currently high dependence on financing partners.

1.5 Financial management system

The central elements of the financial management system are

- Total operating performance (revenue plus changes in finished goods and work in process),
- EBIT and EBIT margin
- Free cash flow (including cash flow from the financing of the Holdings Group)
- Equity and equity ratio
- Net debt and net debt leverage ratio (net debt/EBITDA)
- Free liquidity (bank balances and available credit facilities)

Management aims to achieve sustainable profitable revenue growth, combined with the use of economies of scale, which will translate into a disproportionately high increase in EBIT and EBIT margin.

In our view, the free cash flow should be positive over the long term and in the future should no longer include any financing payments to the Holdings Groupfollowing the sale of the development business.

According to management's plans, this should increase free liquidity, significantly reduce net debt and provide enough working capital at any time during the year to finance Greencells GmbH's growing EPC business. In combination with improved EBITDA, the net debt leverage ratio is also to be significantly and permanently improved and the Company's rating with banks and insurance companies is to be strengthened.

Revenue and EBIT (with the exception of administrative and overhead costs) are managed at project level. For this purpose, appropriate criteria are applied in the project selection process and project-specific performance analyses and target/actual comparisons are carried out on an ongoing basis for existing projects. Administrative and overhead costs are planned at cost center level and analyzed monthly for deviations.

Cash flow from operating activities is also planned and monitored on a project-by-project basis. All other cash flow inputs are evaluated on a monthly basis, or on a weekly basis if available on a short-term basis. Cash flows with the sister group, banks and shareholders are managed jointly by management and the treasury team.

2. Economic report

2.1 Macroeconomic conditions

According to the Kiel Institute for the World Economy (IfW)[3], global economic growth was uneven in 2023. A significant upturn in the first quarter was followed by mixed periods, which culminated in a slowdown in momentum towards the end of the year. With only weak growth in industrial production and a downward trend in global trade, growth stood at 3.1% for the year as a whole (2022: 3.2%), mainly as a result of the slower increase in production in emerging countries, not least China, and the ongoing geopolitical tensions, which affected the trade route through the Suez Canal, for example, due the renewed conflict in the Middle East.

A normalization of energy prices and falling inflation rates eased economic conditions. Although oil became more expensive at times over the course of the year due to supply shortages, gas prices fell significantly and were close to a record low. Lower energy prices were in turn an important factor in the global decline in inflation. In the G7 countries, for example, inflation stood at 2.9% in November 2023. This decline is a success for the central banks' tighter monetary policy, but the general target of 2% inflation has not yet been

[3] Gern et al., 2024a

reached. As the decline in inflation rates also slowed towards the end of the year, key interest rates were not lowered until mid-2024.

Economic output in the economic area of the European Union stagnated over the course of 2023. Although improved real incomes are supporting private consumption and falling energy prices and inflation rates have had a positive effect, there has been a marked decline in capital investment. Over the year as a whole, this resulted in growth of just 0.5% (2022: 3.4%).

The economy in the emerging markets showed little momentum. The Chinese economy in particular recorded only moderate growth despite the lifting of the strict zero-Covid policy. In a context marked by the crisis in the real estate sector, China's gross domestic product grew by 5.2% in 2023 as a whole, according to government sources. The increase was lower than expected which also impacted the global economy, particularly that of the other Asian emerging markets, due to lower trade volumes and weaker demand for commodities.

Economic output in the US was robust over the course of 2023 thanks to continued high private demand and a solid labor market, closing the year with growth of 2.5%. However, increasingly rifts with China and the uncertain outcome of the US presidential elections in November 2024 are creating uncertainty, which is also affecting the global economic outlook.

In this political environment and due to China's predicted continued economic weakness and prolonged restrictive monetary policy, the global economy is forecast to grow moderately by 3.2% in the fiscal year 2024. Inflation is only expected to fall slowly towards the target level of 2% due to the persistently rising prices for services.[4]

2.2 Industry environment

Solar boom – stabilization at a high level

2023 was another record year for the solar industry. In its maximum scenario, the industry association SolarPower Europe estimates that 341 GW of solar capacity was added worldwide in the past year.[5] In the European Union alone, 55.9 GW of additional capacity was installed, an increase of 40% on the prior year.[6]

The strong growth rates continued to be driven by ongoing geopolitical upheavals and their impact on global energy prices as well as the need to take action to avert the climate crisis.

Although geopolitical turbulence is still present and has even increased (particularly as a result of the resurgence of the conflict in the Middle East), its impact on the energy markets

[4] Gern et al., 2024b
[5] SolarPower Europe, 2023a, p. 26
[6] SolarPower Europe, 2023b, p. 6

can now be better contained. Average energy prices are approaching pre-crisis levels again.[7] Nevertheless, securing the long-term energy supply remains a political and social priority.

In the race against climate change, greater renewable energy production capacity is still urgently needed. From the perspective of the International Energy Agency (IEA), compliance with the 1.5 degree threshold has become more difficult, but remains possible. One of the most important factors in achieving this goal will be the further consistent expansion of energy production from renewable sources.[8] Against this background and in view of the necessary emission reductions at national level, the further implementation of national climate targets is of great importance. At the end of 2023, for example, many member states of the European Union were well behind the expansion targets of the National Solar Energy Climate Plans.[9] Political and economic decision-makers therefore continue to play a central role in the determined drive to expand renewable energies.

Investment in renewable energies higher than in fossil fuels

The combination of post-Covid economic stimulus programs, the political response to changes in the global energy landscape and the expansion of green energy generation required in the context of climate change has triggered a shift in investment away from fossil fuels towards renewables in recent years. The International Energy Agency (IEA) estimates global investment in renewable energy sources at over USD 1.7 trillion in 2023, compared to USD 1.05 trillion in fossil fuels. Solar energy is the most attractive asset class with estimated investments of USD 380 billion in 2023, attracting more investment than oil production.[10]

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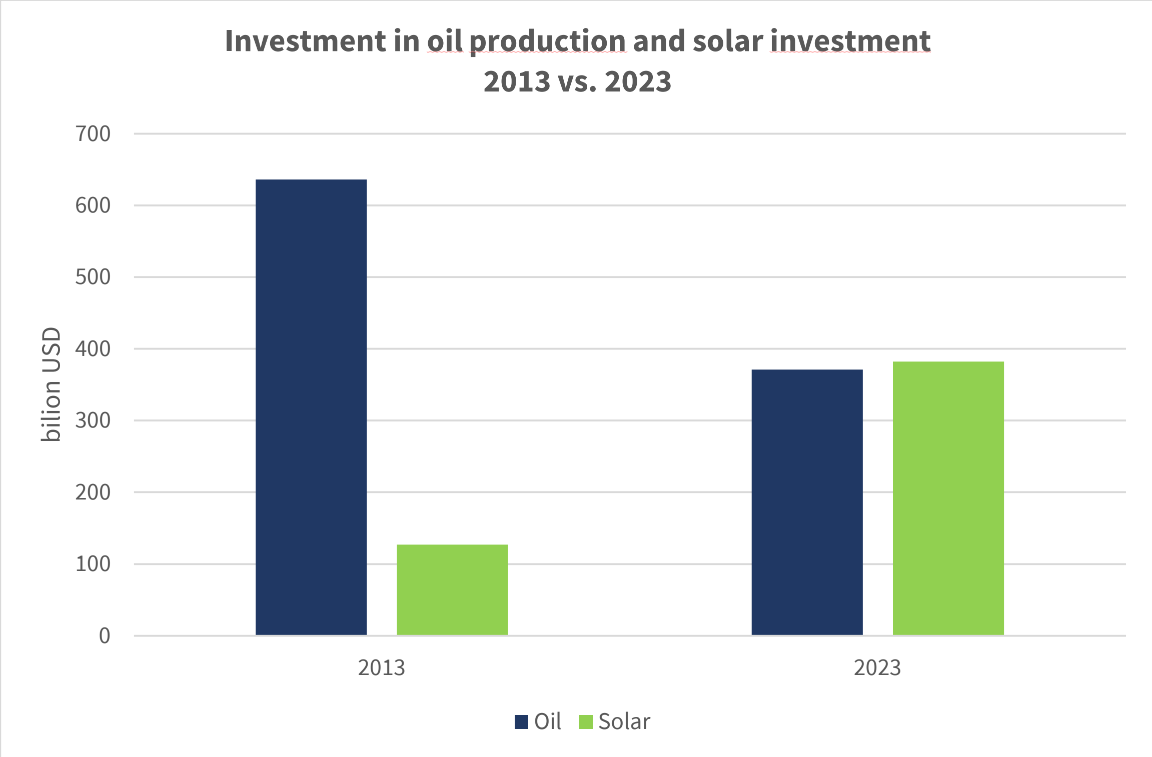
[7] SolarPower Europe, 2023b, p. 5
[8] International Energy Agency, 2023a, p. 42
[9] SolarPower Europe, 2023b, p. 5
[10] International Energy Agency, 2023b, Web

Exhibit 4



Source: IEA, *Oil production investment and solar investment, 2013 vs 2023*, IEA, Paris https://www.iea.org/data-and-statistics/charts/oil-production-investment-and-solar-investment-2013-vs-2023, IEA. License: CC BY 4.0

Management believes that this development is an expression of the continued growing interest of institutional and private investors in sustainable investment opportunities in general. On the institutional side in particular, however, this trend is also likely to indicate the effectiveness of regulations to prevent the greenwashing of financial products and to redirect financial flows into sustainable asset classes. These include, for example, the EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR).

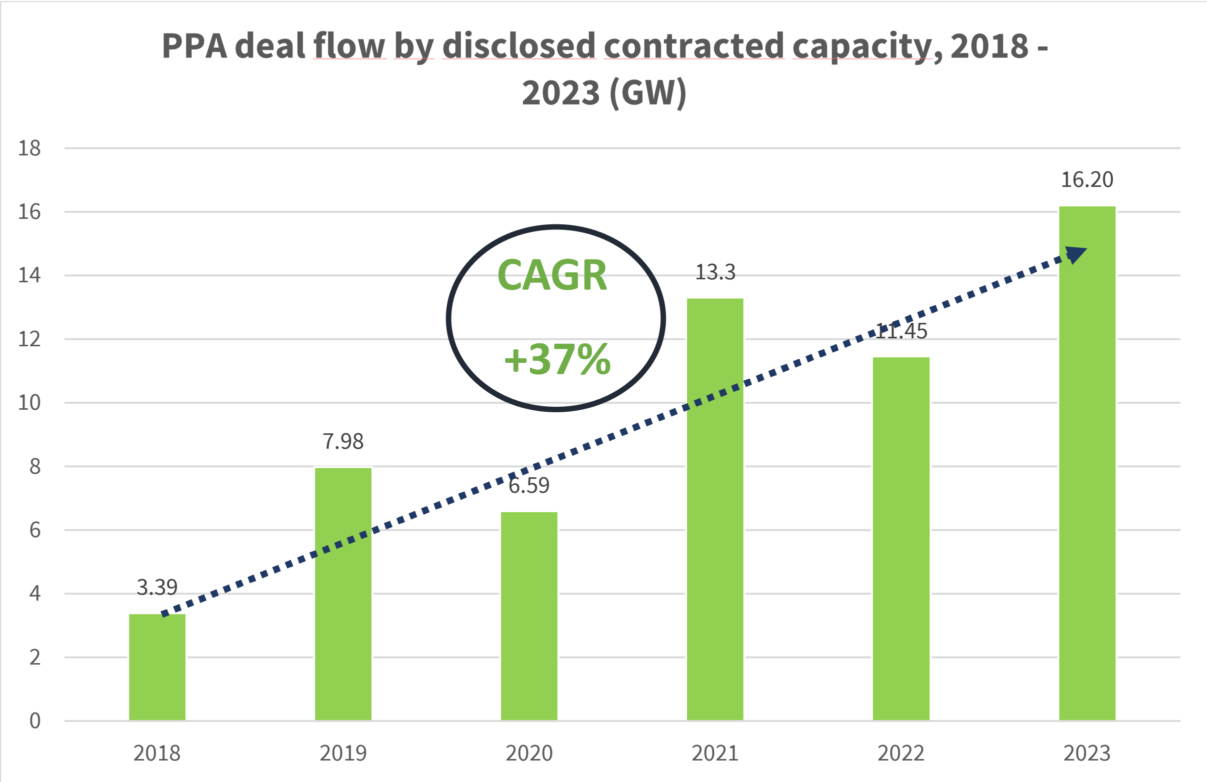
The sales market for renewable electricity reaches a new stage of development

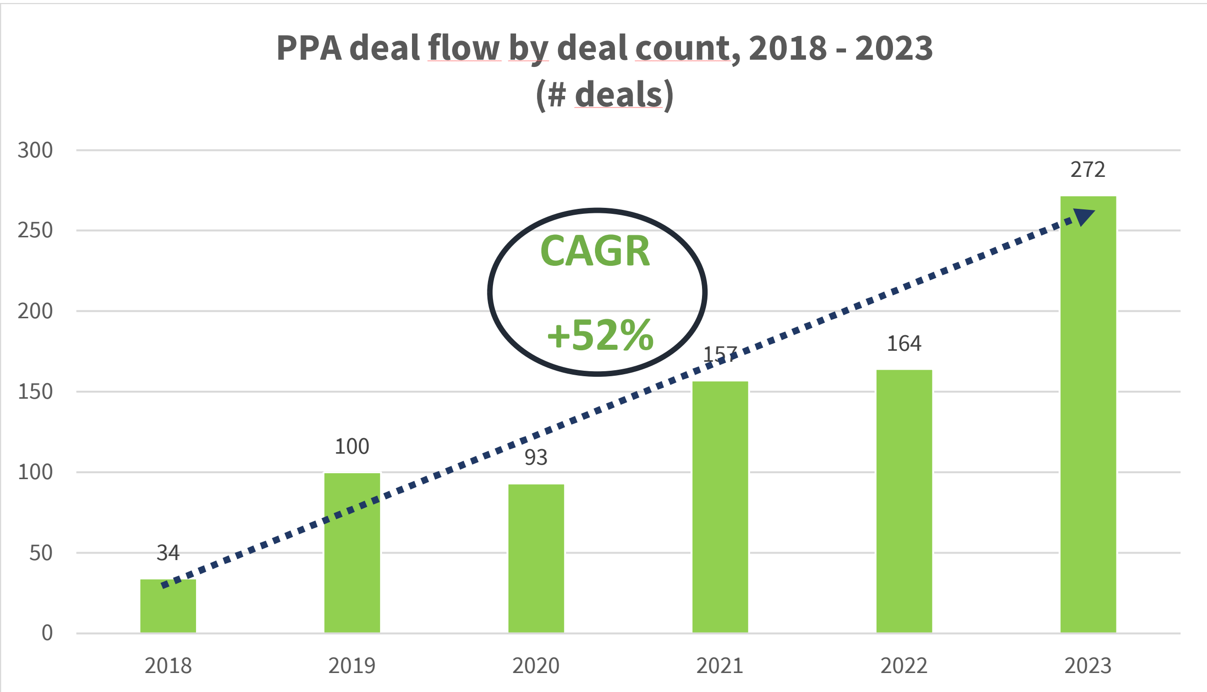
The volatile energy prices since the outbreak of the Ukraine conflict have encouraged a lot of movement towards the market for green power purchase agreements (PPAs) in recent years, both in terms of price and volume. In 2023, prices for fossil energy normalized, which consequently also led to a price adjustment in the area of renewables.

However, demand for PPAs remained unbroken in the past year, perhaps precisely because of the improved predictability. In 2023, the Swiss PPA platform Pexapark for Europe recorded a record 272 publicly announced PPAs (up 65% compared to the prior year) with a total volume of 16.2GW (up 40% compared to 2022).[11]

[11] Pexapark, 2024, p. 10

Exhibit 4

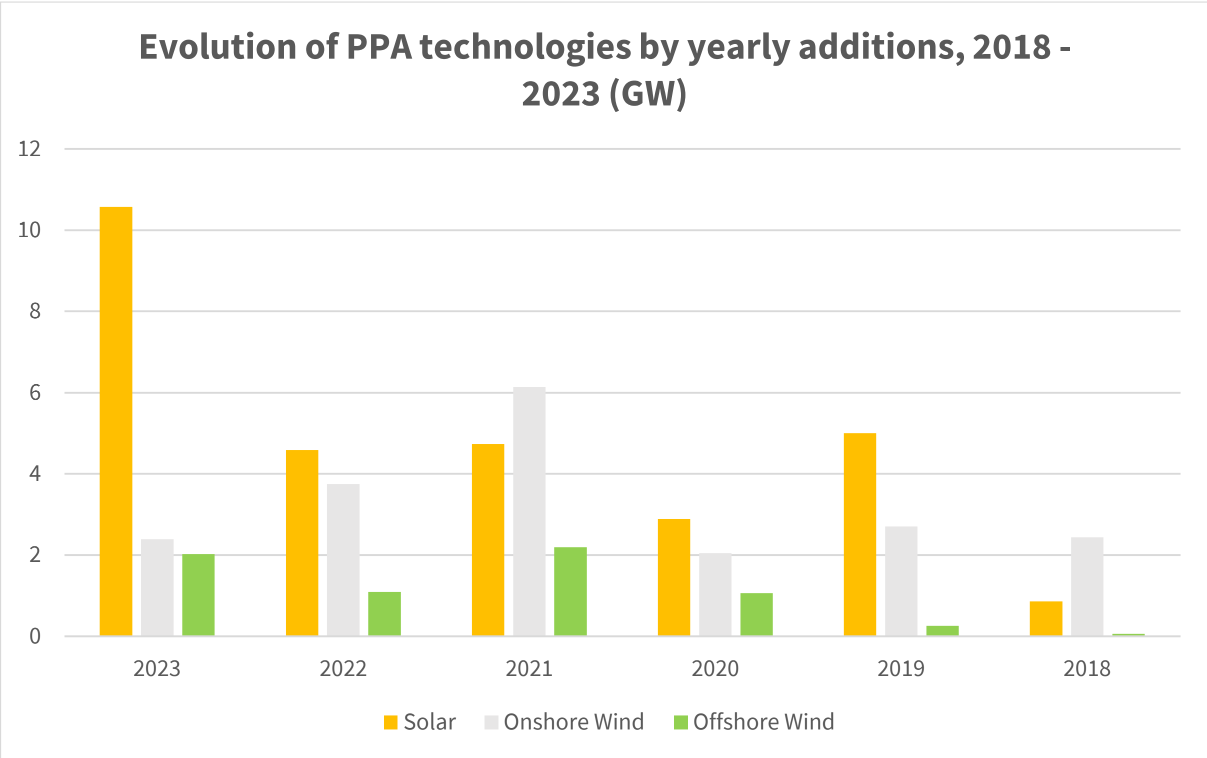




Source: Pexapark European PPA Outlook 2024, p. 10 & 11

Buyers included both major industrial customers and energy service providers. In the corporate sector, the IT industry was the top customer, above all the online organization Amazon.[12] In terms of geographical markets, Germany and Spain were the hotspots for PPAs, accounting for 50% of capacity sold.[13]

Looking at the types of generation shows that solar energy clearly outperformed wind power here, making up the lion's share of 65% of the PPA volumes sold.



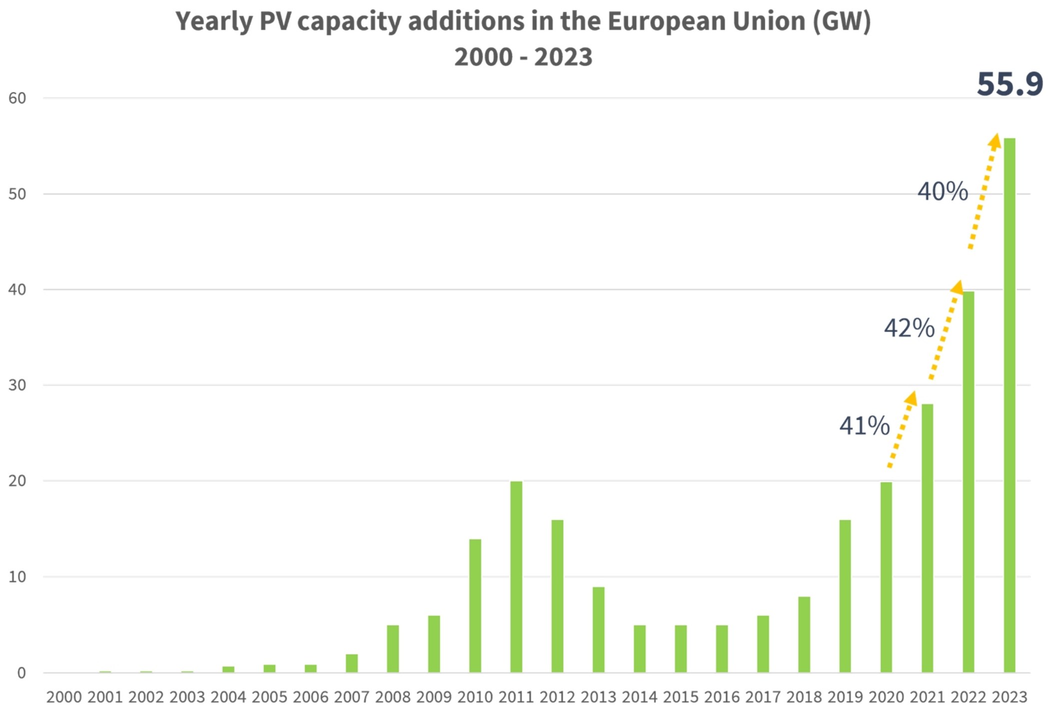
Source: Pexapark European PPA Outlook 2024, p. 25

Record additions in Europe continue

The European solar market, the Greencells GmbH Group's focus market, continued to expand at record speed in 2023. The pursuit of securing energy supply and initiatives towards the decarbonization of the European industrial landscape continued to create favorable conditions for very pronounced growth in the sector. According to the industry association SolarPower Europe, a total of 55.9 GW of additional capacity was installed in the 27 member states in the third record year in a row – an increase of 40% compared to 2022 and thus a continuation of the high double-digit growth rates of recent years. In the last two

[12] Pexapark, 2024, p. 22
[13] Pexapark, 2024, p. 19

years alone, the market volume has doubled. The total installed capacity in Europe now stands at 263 GW, an increase of 27% compared to 2022. [14]



Source: SolarPower Europe, 2023b, p. 16

Germany led the top 10 countries with the most added capacity in 2023, followed by Spain, Italy and Poland. The Greencells GmbH Group is represented directly as an EPC service provider or via the development activities of the Holdings Group in all leading European markets (with the exception of Belgium and Austria).

Almost 510 GW of renewable energy capacity was added worldwide last year, three quarters of which was accounted for by solar power plants. This total corresponds to an increase of 50% compared to the prior year and represents the fastest growth in the last two decades. The global leader was China, where photovoltaic additions in 2023 alone equaled the cumulative global expansion in 2022.[15]

Challenges

Like other sectors of industry, the solar industry has had to adapt to the short-term changes in macroeconomic conditions over the last few years. Following the previous price peaks, the energy price level normalized steadily over the course of 2023. This good news for end consumers and the economy meant that project planners and operators of solar power

[14] SolarPower Europe, 2023b, p. 6
[15] International Energy Agency, 2024, p. 7

plants had to adjust their revenue planning. At the same time, the changed interest rate environment resulted in higher financing, construction and maintenance costs.[16] However, the sharp price reductions for solar modules triggered by overcapacity in production are likely to ease the situation.[17]

In view of the forecast addition rates and the prominent position of the Greencells GmbH Group in the market for EPC services in the solar sector, the management board expects demand for the planning and construction services it offers for solar power plants to continue to rise sharply.

In this context, the omnipresent shortage of skilled workers continues to be a key issue for the industry.[18] The Greencells GmbH Group can continue to rely on its in-house installation teams and has further expanded its team and intensified training measures over the course of fiscal year 2023.

Administrative hurdles such as long approval procedures and necessary technological measures such as grid expansion represent a structural challenge for the expansion of renewable energies in general, but also for solar energy in particular.[19] Political decision-makers, as the key players in these areas, must create even more impetus.

2.3 Financial performance and revenue

As in some prior years, the Company's economic success in 2023 must be assessed primarily on the basis of its overall performance in accordance with German commercial law. The project-based business model of Greencells GmbH allows revenue recognition and margin realization only after customers have accepted the project. This usually takes the form of a "Provisional Acceptance Certificate," i.e., the achievement of the "PAC status." In fiscal year 2023, this was only the case for two projects.

As a result, revenue fell by almost two thirds to EUR 50.6m (prior year: EUR 142.7m) despite high utilization and the ongoing implementation of a large number of projects,. At EUR 5.0m, this includes significantly lower income for asset management services with the Holdings Group than in the prior year (EUR 8.9m). O&M revenue once again remained relatively insignificant.

In combination with the significant increase in changes in finished goods and work in process from minus EUR 4.0m to plus EUR 132.9m, total operating performance grew by almost a third from EUR 138.7m to EUR 183.6m, more than doubling within two years.

The increase in other operating income from EUR 1.3m to EUR 3.0m mainly comprises income from the reversal of provisions (mainly for litigation costs and project risks; EUR 856k; prior year: EUR 5k), out-of-period income from reductions in purchase invoices

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[16] Pexapark, 2024, p. 5
[17] SolarPower Europe, 2023b, p. 34
[18] SolarPower Europe, 2023b, p. 8
[19] SolarPower Europe, 2023b, p. 9

from prior years (EUR 1.1m; prior year: 0) and income from currency translation of EUR 857k (prior year: EUR 1.2m).

Cost of materials rose disproportionately to total operating performance by 55.4% from EUR 114.3m to EUR 177.6m, whereby the increase in raw materials, consumables and supplies and purchased materials (up 24.3% to EUR 113.8m) was significantly more moderate than the 180.1% rise in the cost of purchased services to EUR 63.8m.

Gross profit therefore fell significantly from EUR 25.7m to EUR 9.0m, mainly for the reasons described at the beginning of this section.

Despite a 21.1% increase in the average number of employees over the year to 120.5, personnel expenses only increased by 8.4% to EUR 8.1m, as one-time effects in connection with management changes had been incurred in the prior year.

Depreciation and amortization rose from EUR 205k to EUR 277k, but were again insignificant overall.

Other operating expenses increased year on year from EUR 7.5m to EUR 8.0m. The largest individual items here were legal and consulting fees of EUR 1.7m (prior year: EUR 1.0m), incidental costs of monetary transactions of EUR 869k (prior year: EUR 60k) in connection with project financing during the year and bad debt losses of EUR 625k (prior year: EUR 112k), while expenses for damages (zero; prior year: EUR 800k), out-of-period expenses (EUR 148k; prior year: EUR 593k) and expenses for currency translation (EUR 336k; prior year: EUR 663k) fell significantly.

Earnings before interest, income from equity investments, income from loans classified as financial assets, write-downs of financial assets and current securities, and taxes (EBIT) were clearly negative at minus EUR 7.3m, compared to the positive EBIT of EUR 10.6m in the prior year. The EBIT margin (as a percentage of total operating performance) fell from 7.6% to minus 4.0%.

In line with the increase in loans to the Holdings Group, interest income and income from loans classified as financial assets increased from EUR 3.7m to EUR 5.6m. At the same time, interest expenses for the Green Bond (whose issued volume increased over the course of the year from a nominal value of EUR 36.3m to a nominal value of EUR 45.1m) from EUR 2.4m to EUR 3.1m and for shareholder and other loans from EUR 990k to EUR 2.1m. Furthermore, the interest expense already includes an allowance for the premium to be paid on the intended early repayment of the Green Bond (2% of the nominal amount) of EUR 901k (prior year: zero).

At EUR 3.4m, impairment of financial assets and securities classified as current assets was significantly lower than in the prior year (EUR 6.7m) and mainly related to receivables from the subsidiary in the US.

The negative taxable income led to tax income of EUR 3.2m (prior year: tax expense of EUR 2.3m), mainly in the context of a carryback of losses.

The bottom line was a net loss for the year of EUR 9.1m (prior year: net income for the year of EUR 1.0m), which in the opinion of management does not adequately reflect the actual business performance in view of revenue recognition in accordance with German commercial law.

2.4 Order intake

Greencells GmbH was able to win a large number of new contracts in 2023 and has further projects at advanced stages of negotiation. The current forecast for 2024 is based on a total of 30 EPC projects (prior year: 22) with a total capacity of 487 MWp (prior year: 484 MWp) in various construction phases, of which one project (prior year: two) is attributable to the Holdings Group. For 12 projects (prior year: 18), project contracts (EPC agreements or early works agreements) had already been signed at the time the budget was prepared.

2.5 Research and development

From management's point of view, a high level of technical expertise and the resulting early adoption of innovations have always been a competitive advantage for Greencells throughout the Company's history. Greencells GmbH maintains its own research and development department, which employed four full-time employees (prior year: five) and two students as of 31 December 2023. The department primarily conducts project-related and market-driven development work, but does not engage in basic research. Expenses came to EUR 316k (prior year: EUR 260k) in 2023.

In 2023, the department once again focused on work to increase productivity and integrate digitalization in PV-related applications.

The Company is a partner in the "ViSaar" project funded by the German Federal Ministry of Education and Research. The aim of the project is to make small and medium-sized enterprises (SMEs) in structurally weak regions fit for the future in the area of location-independent working, in particular supporting companies from Saarland and Saarland as a business location. As part of the research project, Greencells, in cooperation with other companies, presents current and future application examples in the solar sector, such as construction site monitoring via drone or digital communication tools used during construction. With a term from May 2021 up to and including April 2024, the ViSaar project was in its final phase in 2023.

2.6 Assets and liabilities

As in the prior year, the main changes in Greencells GmbH's balance sheet were prompted by the raising of additional Green Bond funds, their transfer to the Holdings Group and by effects of EPC business projects and their financing.

On the assets side, fixed assets increased by 13.2% to EUR 73.0m. The main item here is the loans to the Holdings Group, which increased from EUR 50.7m to EUR 70.4m. On the other hand, shares in affiliates fell from EUR 12.7m to EUR 1.6m due to a capital reduction at Pekan Energy I Pte Ltd, Singapore, which was offset against a loan from the subsidiary. Property, plant and equipment fell slightly from EUR 964k to EUR 836k, but were insignificant overall.

Current assets fell by 17.1% to EUR 39.1m. Slight increases in inventories (EUR 5.8m; prior year: EUR 4.6m) were counterbalanced by a significant decline in receivables and other assets (EUR 24.9m; prior year: EUR 32.7m) – mainly trade receivables. Assets under constrution (work in process) of EUR 142.9m (prior year: EUR 9.9m) were counterbalanced by payments received of EUR 141.8m (prior year: EUR 8.4m).

Cash and cash equivalents decreased slightly from EUR 10.0m to EUR 8.5m.

On balance, total assets increased by 2.1% from EUR 111.7m to EUR 114.1m.

On the equity and liabilities side of the balance sheet, equity fell significantly from EUR 12.1m to EUR 2.9m as a result of the net loss for the year, which corresponds to an equity ratio of 2.6% (prior year: 10.8%). A significant improvement is expected in this regard in the current fiscal year a large number of projects are completed, generating corresponding revenue and earnings.

Provisions increased from EUR 8.7m to EUR 12.2m, which is largely due to a provision for an invoice from the Romanian subsidiary that was not received until after the reporting date.

Additional Green Bond funds of EUR 8.8m were used to finance the increased loans to the Holdings Group, which raised the associated liabilities from EUR 36.3m to EUR 45.1m. Quarterly repayments of the KfW loan reduced liabilities to banks from EUR 3.8m to EUR 2.3m.

Liabilities to affiliates (prior year: EUR 5.3m) related to a loan from Pekan Energy I Pte Ltd, Singapore, which was repaid in full together with a capital reduction implemented in the reporting year. Other liabilities increased slightly from EUR 30.8m to EUR 31.0m and mainly relate to loans from the Zahid Group of EUR 26.3m (prior year: EUR 25.0m).

Overall, the working capital tied up[20] decreased from significantly from EUR 20.2m to EUR 3.5m.

[20] Working capital: Inventories plus trade receivables minus trade payables

Net debt[21] stood at EUR 65.5m and slightly increased year on year (EUR 60.9m). The debt ratio[22] was clearly negative at -9.0 due to the net loss for the year (prior year: 5.7).

2.7 Financial position, cash flows and investments

The financial position of Greencells GmbH was again characterized by improvements in cash flow from operating activities in the reporting year. The negative EBITDA of EUR 7.3m and the EUR 1.2m increase in funds tied up in inventories were more than offset by a decline in receivables in current assets (EUR 7.8m), increased provisions (up EUR 3.5m) and trade payables (up EUR 5.8m).

Cash flow from investing activities was significantly influenced by payments of EUR 19.7m for additional loans to the Holdings Group, which were partially offset by the capital reduction at a subsidiary of EUR 11.1m, which in turn was offset against liabilities of EUR 5.3m. Capital expenditures were again insignificant.

In the reporting year, financing was mainly provided by the placement of additional Green Bond bonds in the amount of EUR 8.8m.

On balance, cash and cash equivalents decreased by EUR 1.5m from EUR 10.0m to EUR 8.5m as of the reporting date, and free liquidity (cash and cash equivalents and available credit facilities with banks) decreased from EUR 10.6m to EUR 9.1m.

2.8 Overall statement regarding the Company's economic development

Greencells GmbH recorded significant growth in a dynamic market environment in the reporting year and increased its total operating performance by 32.4% to EUR 183.6m. However, as a large part of this (EUR 132.9m) is attributable to changes in finished goods and work in process (projects under construction) with no effect on profit or loss, management believes that the successful business development in 2023 is not adequately reflected in the figures under German commercial law.

In purely arithmetical terms, the annual targets of revenue of at least EUR 200m (actual: EUR 50.6m), EBIT of plus EUR 10-12m (actual: minus EUR 7.3m) and a return on sales of 2-3% (actual: minus 17.4%) were therefore clearly missed. Only the cash flow from operating activities improved in line with the target.

The sale of the Holdings Group's development business and the repayment of the Green Bond, originally planned for the reporting year, with corresponding positive effects on total

[21] Net debt: Liabilities from bonds, to banks, to affiliates, from loans from the Zahid Group and from hire purchase minus cash on hand, Bundesbank balances, bank balances and checks
[22] Net debt leverage ratio: Net debt/EBITDA

assets, balance sheet and risk structure, liquidity and net debt, is now not expected until the current year. As a result, the volume of financing to the sister group, the refinancing volume and net debt increased again in the reporting year. Management is therefore working hard to implement the aforementioned measures as soon as possible in order to exploit the profitable growth opportunities in the EPC market on the basis of the expected significant positive effects.

2.9 Impact of resources not presented in the financial statements and the significance of non-financial factors[23]

2.9.1 Future reporting requirements under the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD)

Greencells will be required to report in accordance with both the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) for the first time in fiscal year 2025. In recent years, the Company has already laid the initial foundations for the upcoming reporting requirements. This includes assigning responsibilities for ESG-related issues and reports to the Compliance and Investor Relations functions as well as the voluntary compilation and publication of a Group-wide ESG framework on the company website.

In 2023, further concrete steps were taken towards standardized reporting. The first non-financial reporting elements were included in the management report for fiscal year 2022, an internal estimate of the carbon emissions resulting from Greencells GmbH's business activities for fiscal year 2022 was made and an initial review of the supply chain for main components (modules, inverters, substructure) was carried out from a sustainability perspective.

Building on this, Greencells GmbH is now preparing further core elements in accordance with the procedure required under the EU Taxonomy and CSRD. This includes, for example, preparing a double materiality assessment with internal stakeholders. The technical requirements for automated data retrieval for reporting purposes will also be compiled.

In addition, an estimate of carbon emissions, now certified by an external service provider, was carried out for the past fiscal year. As a first step, the business activities of Greencells GmbH were considered. The calculated emissions amount to around 245,000 t of CO_2e, but this is amortized many times over by the solar parks designed and built by the Company.

From the perspective of the European Sustainability Reporting Standards (ESRS) to be applied in future under the CSRD, the Greencells GmbH Group is positioned as follows:

[23] The disclosures in this section are not yet mandatory for the reporting year 2023 and therefore represent disclosures extraneous to management reports. The figures disclosed are unaudited.

E1 Climate change

Greencells is one of the leading providers of solar parks in Europe. As a pure player in the solar industry, the Company has already made a considerable contribution to reducing greenhouse gases since it was founded. The portfolio of utility-scale solar power plants installed by Greencells amounted to 2.7 GW worldwide at the end of 2023, including 338 MW from the Holdings Group's own developments. Of this, 305MW of installed capacity was connected to the grid in the course of fiscal year 2023. Over an estimated minimum service life of 20 years, the plants built by Greencells will save almost 33m tonnes of CO_2 compared to power generated by natural gas, according to its own calculations.

By issuing a Green Bond, Greencells has also been able to significantly expand the Holdings Group's project development activities of the sister company Greencells Group Holdings Ltd. since the end of 2020. At the end of 2023, the pipeline of solar development projects comprised around 3 GW.

According to its own assessment, Greencells is thus making a significant contribution to achieving the United Nations Sustainable Development Goals 7 "Affordable and Clean Energy" and 13 "Climate Action" (UN SDGs).

E2 Environmental pollution

With regard to its EPC and O&M activities, Greencells GmbH is ISO 14001 certified. This internationally recognized standard specifies criteria for an effective environmental management system and is used in over 170 countries worldwide. In addition, clear protocols for occupational health and safety, waste management and environmental protection are followed at Greencells construction sites.

E3 Water and marine resources

Solar energy is one of the most water-saving forms of energy generation and offers considerable potential savings in water consumption during operation compared to energy generation using fossil fuels. According to a study of over 200 companies from the chemical, food and beverage industries conducted by management consultants McKinsey, a consistent switch to renewable energy sources in energy purchasing could not only achieve considerable carbon emissions savings but also significant savings in water consumption. Purchasing 50% of their energy from renewable resources would reduce the water consumption of the companies in question by 60%. Solar energy is therefore another important sustainability factor in addition to reducing carbon emissions.[24]

E4 Biodiversity and ecosystems

Every type of construction activity has an impact on soil and ecosystems. Solar technology has the advantage of minimizing soil sealing and can even lead to an improvement in soil quality in previously damaged areas.

In construction activities for third parties, Greencells implements biodiversity measures within the scope planned by the customer and can also act in an advisory capacity thanks to its industry experience.

The customer provides studies on the ecological context of the planned solar park, for example on the tree population, presence of insects and wild animals and adjacent bodies of water. Based on these studies and the extensive project experience, the Greencells team responsible proposes measures to the customer that ensure careful integration of the new solar power plant into the environment and in some cases even represent an improvement to the surrounding natural environment. These measures can include ecological restoration, tree planting, drainage or installations such as wildlife-permeable fencing for rodents or nesting aids for birds.

Greencells is responsible for the complete environmental impact planning for development projects of its sister company. The Company has set itself the following guidelines:

- Nature and archaeological conservation areas are excluded
- Implementing ecological impact studies at the beginning of the project planning phase
- Minimizing negative impacts on biodiversity and ecosystems
- Active contribution of biodiversity elements and planning of regeneration activities for areas damaged by previous excessive use or extreme weather phenomena

[24] McKinsey, 2021, p. 10

- Possibilities for the dual use of photovoltaics and agriculture (agrivoltaics) are being actively explored
- Careful planning of construction logistics to minimize the impact on the environment and communities

E5 Use of resources and circular economy

Solar modules have a long lifespan. The minimum life is 20 years, but this is a conservative estimate and management believes that they can realistically be used for 25 to 30 years. However, since solar modules are produced using critical metals and rare earths, their ability to be recycled is paramount. The solar modules installed by Greencells conform to European Directive 2012/19/EU on waste electrical and electronic equipment (WEEE Directive). Many are also certified for the PV Cycle system in a number of countries.

According to the estimates of the International Energy Agency (IEA), the energy payback time for solar panels, i.e., the time required for them to produce the amount of energy equivalent to that used from non-renewable primary energy sources to produce them, is just over a year, depending on the technology used.[25]

S1 Own employees

Human resources

As an engineering company, the GmbH Group has an employee-specific age structure, which, including the Greencells CEE several hundred-strong installation team, is male-dominated and has a comparatively low average age.

At Greencells GmbH, which mainly carries out administrative activities, the proportion of female employees as of 31 December 2023 stands at 35% (prior year: 32%), of which 22% are managers (prior year: 20%). Since the appointment of Anca Ludusan as Chief Operating Officer in November 2023, a quarter of the Executive Board positions are held by women. The gross hourly wage of female employees, not including the management board, is 9% lower than that of their male colleagues, an improvement of 2% compared to the prior year, although if managers are considered in isolation there is only a difference of 4%.

Greencells invests in the education and training of its employees. Greencells CEE's engineering teams are trained at the Company's in-house training center in Cluj, Romania. Training for administrative staff is provided in the form of leadership courses and the allocation of a training budget for each team. Expenditure on training at Greencells GmbH almost doubled to over EUR 95k in 2023 (2022: EUR 50k).

[25] International Energy Agency, 2021, p. 4

Greencells respects the right to form a works council. At present, there is none. Should a works council being formed at Greencells GmbH, Greencells will facilitate its activities.

S2 Workers in the value chain

The construction of a solar power plant requires a limited number of main components such as solar modules, inverters and the substructure. A large proportion of the solar modules and inverters installed worldwide are produced in China. In the past, concerns have repeatedly been raised about working conditions at Chinese manufacturers. Greencells works with established suppliers in the solar industry and gives preference to ESG-oriented suppliers. In 2023, Greencells undertook a review of the suppliers of key components and requested ESG documentation from them. The substructures installed by Greencells, are mainly built from European steel with a lower carbon footprint and a good ESG track record.

S3 Affected communities

Development activities of the sister company

The development activities of the Holdings Group entail more complex responsibilities as they take place in the pre-construction project phases.

In this context, the sister company undertakes, among other things, not to plan projects in protected areas, to minimize or compensate for adverse impacts on biodiversity and ecosystems as much as possible, to actively introduce elements of biodiversity into its projects and to undertake regeneration activities in areas that have been damaged by previous overuse or extreme weather. In addition, possibilities for the dual use of photovoltaics and agriculture (agrivoltaics) are being actively explored. Construction logistics are planned so as to minimize the impact on the environment and communities. In addition, Greencells strives to visually integrate its power plants into the surrounding landscape as much as possible. This can be done, for example, by planting hedges or other natural forms of visual cover.

The development activities also bring the dimension of the exchange with municipalities and residents to obtain permits and boost acceptance of solar parks in the planning phase, to the activities of the wider enterprise. This exchange is carried out by the sister company with its project managers who are supported by the in-house Communications department.

In addition, Greencells offers concepts of citizen participation in the development projects it operates to the extent permitted locally and nationally – as was the case with the Saarland citizens' solar park Hartungshof and with a solar park already connected to the grid in Petite-Rossell, France.

The creation of local jobs is also promoted as far as the project specifics allow.

S4 Consumers and end users

Due to its activities in the field of utility-scale solar power plants, the Greencells GmbH Group is exclusively in contact with business customers. Solar energy in general generates important positive effects for consumers and end users, for example through the important reduction of environmentally hazardous emissions and its contribution to securing energy supply.

G1 Governance, risk management and internal control

Greencells has had a code of conduct for several years now, which defines standards of conduct within the Company and with external partners. Greencells also requires external partners to comply with the standards set out in the code of conduct or requires proof of a code of conduct with equivalent standards implemented by the respective business partner.

The code of conduct covers topics such as upholding labor standards, no child labor, equal treatment and non-discrimination, and anti-corruption. These and other core corporate policies are publicly available on the Company’s website at greencells.com/compliance.

G2 Business conduct

Greencells fully complies with the applicable laws and regulations in all countries in which the Company operates now and in the future. These include combating corruption, observing fair competition rules and transparency with regard to the ownership structure of the Company.

3. Report on anticipated development and significant opportunities and risks

3.1 Risk management and risk strategy

3.1.1 Principles of risk management

Greencells GmbH's management must take appropriate action, in particular to implement a monitoring system to identify at an early stage developments posing a risk to the Group's ability to continue as a going concern. It ensures appropriate risk management and risk control in the Company, assures compliance with legal provisions and internal policies, and works to ensure that they are adhered to by the group companies.

In the course of its business activities, Greencells is inevitably exposed to risks associated with entrepreneurial activity and the targeted exploitation of opportunities. For the Group, risk management therefore means not only unilaterally reducing risks, but also taking a conscious approach to dealing with opportunities.

The process steps of risk management are (1) identifying and (2) assessing risks, (3) taking action to manage risks, (4) monitoring their effectiveness and (5) documentation and reporting. To date, the Greencells Group has taken a decentralized approach in which risks are monitored by various departments of the Finance function and central risk management activities (especially insurance) are implemented by the financial operations team, in each case according to management's specifications. This structure is currently being centralized, for which a separate risk management unit is being created in the Controlling function.

3.1.2 Risk strategy

Management's top priority when determining the strategy, managing the Company and during day-to-day operations is to take only appropriate, manageable and controllable risks. Risks that could jeopardize the continued existence of Greencells, i.e., risks which could threaten its ability to continue as a going concern, must be excluded as far as possible.

An important objective of risk management is to protect the Group and to sustainably and consciously enhance both the risk coverage potential (capital and liquidity) and the value of the Company. Attention is paid both to external risks that impact Greencells as well as to risks that arise internally.

3.1.3 Assessment of risks

Risks are rated on a relevance scale according to which individual risks are assessed according to the probability of occurrence, potential impact and the effectiveness of safeguards.

Level	Description
1	**Minor risks** that could have a barely noticeable impact on EBIT and/or cash flow
2	**Medium risks** that could have a noticeable impact on EBIT and/or cash flow
3	**Significant risks** that could have a significant impact on EBIT and/or cash flow and/or have a long-term impact
4	**Serious risks** that could have a very major impact on EBIT and/or cash flow and/or have a significant long-term impact
5	**Critical risks** that could pose a threat to the continued existence of the Group

3.2 Risks and summary of the risk situation

3.2.1 Risks in the context of project business

3.2.1.1 New business and competition risks

The Company operates in the project business. Thus, its future business development depends on the ability to acquire and successfully implement new projects on profitable terms. Greencells competes in the international arena, where competition may intensify further in the future. If it is unable to acquire new projects with sufficiently attractive project conditions to the planned extent, there is a risk of a fall in growth or revenue which cannot be fully absorbed by cutting costs.

Greencells operates as an integrated supplier in what management believes is a friendly market environment characterized by structurally stable and high demand for large-scale PV systems. Greencells GmbH has a long history of successful business activities and a high level of technological expertise. The Company is established as one of the leading providers among customers and suppliers. The competitive environment is nevertheless challenging, especially as individual competitors have greater financial strength as part of larger groups, including listed groups.

If the market grows as predicted, the number of available projects will rise further going forward. This assessment is corroborated by the current project pipeline, the Holdings Group's own development pipeline and a large number of third-party project inquiries.

This risk therefore continues to be rated as minor (level 1) in the current market environment.

3.2.1.2 Large-scale project risks

The size of the EPC projects implemented by Greencells GmbH varies considerably, with some projects having a total volume in the upper double-digit to lower three-digit million euro range. The performance of these major projects can therefore have a significant impact on the overall result (revenue, EBIT, cash flow) and the achievement of the Company's targets in individual fiscal years. At the same time, these projects can tie up a significant amount of funds and resources (especially liquidity and hedging instruments).

Based on its many years of experience in the EPC business and having a number of successfully implemented large-scale projects to its name, Greencells considers the risk to be easily manageable. In the reporting year, it was also the major projects in particular that contributed to our business success. At the same time, the aim is not to achieve further growth in the Company by increasing the volume of individual projects, but by raising the number of projects and broadening geographical spread. This will reduce the reliance on specific large-scale projects. In the reporting year, there was also a continued focus on resource commitment when evaluating potential new projects. Agreements with customers were structured accordingly. This reduces the risks associated with each large-scale project.

The risk is rated at level 2 (medium) (prior year: level 3 - significant).

3.2.1.3 Calculation and planning risks

Each project is planned and offered on the basis of project-specific parameters. These are subject to assumptions and estimates that may prove to be inaccurate. At the same time, changes or unplanned circumstances may arise between the time of the offer, the conclusion of the contract and the start of construction or in the further course of the project, which may have an impact on the project schedule, revenue, costs and cash flow. As a knock-on effect, delays in the completion of projects or delayed grid connections, insofar as Greencells is responsible, can result in contractual penalties.

Greencells GmbH prepares detailed cash flow plans and income statements for the planning and management of the projects, which map all incoming and outgoing payments over the entire duration of the project as well as project profitability on a monthly and sometimes weekly basis. The plans are continuously updated so that deviations become transparent in a timely manner and possible responses can be prepared and implemented.

The significantly improved environment without the geopolitical and macroeconomic factors that had a negative impact in 2022 and at the same time significantly lower purchase prices for core components (especially solar modules) had a positive effect on the financial project performance. Nevertheless, there were also delays in the schedules of individual projects in the reporting year due to weather conditions, technical factors or the availability and performance of external service providers and subcontractors, among other things.

Thanks to its many years of experience in the development (Holdings Group) and construction (GmbH Group) of solar power plants in various market phases, Greencells has, in management's opinion, extensive and regionally specific experience, which it incorporates into the planning. The system-based planning tools were also improved with the implementation of a new ERP system completed on 1 January 2024. The project selection and contracting processes introduced in the prior year also contributed positively to project performance. Against this backdrop, negative deviations were primarily recorded for projects that were negotiated and acquired at an earlier stage. Nevertheless, the continuous improvement of project-specific planning quality will continue to be a focus of project management and controlling in the future.

According to management, the Company's planned further growth and the increase in the number of projects should also reduce the relative influence of individual projects on the Company's performance if they are postponed, because it will be easier to balance the allocation of resources between projects.

Against this backdrop, the risk assessment was lowered from level 3 (significant) to level 2 (medium).

3.2.1.4 Legal risks

The basis of each EPC project is a dedicated comprehensive project contract, usually in English, which is negotiated individually with the customer. The complexity of the projects, the large number of matters to be regulated and the resulting commercial parameters require immense legal and economic expertise during contract negotiations to rule out any unwanted risks.

Greencells has its own internationally experienced legal team and also consults specialized external legal advisors where necessary. In addition, the starting point for contract negotiations is usually Greencells GmbH's standardized contract templates. The contract approval process introduced in 2022, which only allows contracts to be concluded after review, consideration of comments and approval by all relevant departments and management, was further developed and consistently implemented in the reporting year.

The risk is still rated at level 2 (medium).

3.2.2 Risks of specific value creation

3.2.2.1 Insurance and trade finance risks

A central element of EPC projects is the integration of project-specific insurance and financing solutions. These include, for example, guarantees to secure the implementation of the project, prepayments from the customer or warranty obligations. Furthermore, foreign trade financing instruments (e.g., letters of credit) are often used for the procurement of components. The ability to deliver appropriate solutions is an important factor in winning EPC projects.

Greencells has been working with a large number of banks and insurance companies, often for many years. The group of financing partners remained unchanged in the reporting year. Depending on the type and term structure, the existing facilities were extensively or almost completely utilized in 2023. Following the decision taken in May 2023 to sell the Holdings

Group's development portfolio and development platform, the exchange of information with and reporting to the lenders was significantly intensified from summer 2023 in order to create the greatest possible transparency regarding the positive effects of the sale and other accompanying measures (particularly in connection with the strategic focus on the European EPC business) on assets, liabilities, financial position and financial performance as well as the risk position of the GmbH Group. After submitting a corresponding expert confirmation, the financing providers undertook in return to be available with corresponding financing instruments to a defined extent in the phase until the sale and repayment of the liabilities of the Holdings Group to the GmbH Group take effect. At the same time, the provision of trade finance of up to EUR 24.8m was agreed with the Company's main shareholder for the same period.

Depending on the general business policy requirements of the respective banks and on Greencells' credit rating and other factors, management sees a risk that future facilities needed to fund further growth might not be sufficiently increased or even terminated or not extended; this could, depending on the extent of the restrictions, place significant constraints on business operations and volume. Greencells GmbH is therefore currently negotiating with its lenders the terms of an integrated, sustainable and permanent financing structure and the expansion of the group of lenders to include other strong addresses.

In rare cases, first-demand guarantees may be sufficient in connection with EPC projects. There is a risk that the beneficiary could unjustly exercise such unconditional guarantees. In these cases, the guarantor would be obliged to pay and would then have recourse to Greencells for the corresponding amount. This could result in unplanned cash outflows that could only be recouped by taking legal action against the unjustly enriched beneficiary. No such guarantee was exercised in the reporting year.

The agreements reached with our lenders have slightly improved the risk situation. However, due to the high dependency of the business model on the availability of credit lines and the current high level of capacity utilization, management still assesses this risk as a serious risk (level 4) after level 5 (critical risk) in the prior year until the positive effects from the sale of the development business take effect.

3.2.2.2 Risks arising from cross-border activities and tax risks

Greencells operates internationally across borders. Often, different group companies from different countries work together on EPC projects in the target country, in particular Greencells GmbH and Greencells CEE Srl. Some group companies also maintain branches in other European countries. Project-specific local companies may also be founded.

With this structure, specific local circumstances have to be taken into account in the respective countries, for example in contract and labor law, accounting, tax or social security. Additional degrees of complexity arise in the case of cross-border deliveries of goods and services, for example with regard to VAT. Furthermore, when group companies exchange goods and services, transfer pricing rules must be complied with, documented and the relevant tax calculations must be carried out correctly.

Greencells has its own experts in the Tax & Companies House function and the legal team who are involved in all projects and corporate transactions before a contract is signed. In addition, the regional focus going forward will be on Europe, i.e., on countries in which Greencells already has extensive experience. In the reporting year, the diverse pool of country-specific local advisors was further reduced and replaced by an international tax consulting firm that advises Greencells from a single source and can thus provide cross-border and integrated advice with knowledge of the entire business model.

Management continues to rate this risk as significant (level 3).

3.2.2.3 Subcontractor risks

As a general contractor, Greencells GmbH is reliant on subcontractors for a range of services for the execution of EPC projects. As a rule, the Company relies on longstanding partners with specialist know-how and regional market knowledge. In addition, the respective trades and their execution are monitored and coordinated on site by experienced project managers. Nevertheless, dependencies are inevitable given the fact that each individual trade can significantly influence the schedule and profitability of a project. In addition, Greencells GmbH is liable to the customer for any defects and errors.

In the reporting year, Greencells GmbH recorded insufficient availability of suitable subcontractors in individual markets. Subcontractors also had to be replaced in individual cases in ongoing projects – in one case with a significant impact on project profitability.

Against this background, various measures were introduced in the current fiscal year to improve the selection of and ongoing cooperation with subcontractors. Nevertheless, for the moment the risk is assessed as significant (level 3, prior year: level 2).

3.2.3 General business risks

3.2.3.1 Procurement risks

An essential component of value creation in the classic EPC business is procurement, i.e., the sourcing of project-specific components for the construction of a solar power plant. This includes, in particular, the solar modules and inverters, which the Company usually sources from suppliers in China.

We see a risk that suppliers will not be able to provide the required components, e.g., due to a lack of production capacity, intermediate products or, due to demand, will not be able to provide them on time or only at inflated prices. In addition, there are only a limited number of suppliers on the world market for the components installed by Greencells, creating unavoidable dependencies on individual suppliers.

The delivery situation continued to normalize in the reporting year; the global problems in transport logistics and the availability of individual components seen in prior years no longer occurred to any significant extent. The availability and prices of the most important materials in the EPC business have improved significantly, although delivery delays are still possible for individual orders and suppliers

There is also still an elevated political country risk with regard to the supply of core components from China. Furthermore, suppliers in China have built up considerable overcapacity in recent years, which has a positive effect on prices and availability, but on the other hand significantly increases the risk of economic difficulties and even insolvency among these business partners.

We now rate the procurement risk as level 2 (medium risk) after level 3 (significant risk) in the prior year.

3.2.3.2 Personnel-related risks

An increasing challenge for businesses is the availability of skilled staff and managers. Like other sectors of the economy, the solar industry is also affected by the general shortage of skilled labor. Further market growth and the associated increase in personnel requirements on the one hand and demographic change on the other hand will permanently increase this risk for the foreseeable future. Even today, Greencells does not always succeed in filling vacancies in time.

In our opinion, the Company has adapted to the related challenges by offering employee-friendly, flexible working conditions (working hours, places of work), a range of fringe benefits and a modern working environment. The expansion of the Company’s own installation team in Romania is intended to bolster the construction segment of the EPC business and thus enable further growth. Regardless of this, growing staff shortages and disproportionately high personnel expenses are anticipated throughout the market.

In addition, in certain functions there are increased dependencies on key persons. In the event of an unexpected absence or exit of one or more of these persons, this would likely have a temporary yet significant impact on the Company.

A number of key positions were successfully filled in the reporting year. Against this backdrop, the personnel risk was lowered from level 3 (significant risk) to level 2 (medium risk).

3.2.3.3 Risks of non-payment

Greencells GmbH bears the risk that customers fail to make agreed payments or make such payments late. However, due to the milestone structure of the projects, this risk does not exist for the entire project volume, but is limited to the individual milestone payments. According to management, the risk increases structurally towards the end of the project, since the last milestone payments are usually only due after completion of a project and the consequences of non-payment or late payment are lower for the customer.

Management counters this risk by requesting advance financing of the individual milestones from the customer – wherever possible – and by maintaining a positive cumulative cash flow for the entire duration of the project. In some cases, security is also provided by means of payment guarantees and assignments.

In the past, the risk in EPC transactions only occurred in the form of late or reduced final payments. On the other hand, there were no significant bad debts. We therefore still rate this as a medium risk (level 2).

3.2.3.4 Quality and warranty risks

In the EPC business, Greencells GmbH is exposed to warranty risks as a general contractor. Management already considers these by carefully selecting suppliers. As a rule, the Company maintains longstanding business relationships with trustworthy personal contacts. This always involves observing the local markets with their specific requirements. The procurement process based on ISO 9001 enhances quality assurance in the selection of key components.

If customers assert warranty claims, the Company can pass on the majority of claims relating to components to the manufacturers. In addition, the Company safeguards itself against further risks by taking out various insurance policies, e.g., installation insurance. Contractually agreed sign-off procedures are carried out during the construction phase and, in particular, during the handover to customers. These are generally accompanied by external specialists. According to management, this creates a high degree of reliability with regard to the quality of the work.

We still rate this as a medium risk (level 2).

3.2.3.5 IT and cyber security risks

Greencells, like any larger company, depends on an intact and stable IT infrastructure, secure data storage and connections as well as high-performance processes. This is subject to risks with regard to failures, impaired performance or malfunctions or external influences.

In this context, the threat of cyber attacks, computer viruses, malware and fraud attempts (e.g., through phishing emails) once again rose significantly worldwide in the reporting year.

Greencells has a large in-house IT team that continuously improves and expands the Company's safeguards. Information security consists of building blocks for safeguards, technical, logical and physical security. The IT security strategy is defined by an information security officer (ISB), who reports directly to management. People from different departments are responsible for implementing the IT security strategy, monitoring compliance, implementing the requirements, etc. These persons are appointed by the ISB.

In addition, there are ongoing efforts to raise employee awareness in the form of training and alerts, with an aim to secure ISO27001 certification. This is to be achieved in steps via the intermediate steps BSI IT Grundschutz Tool and VDS 10000.

Due to the general threat situation, we rate the risk as level 3 (significant risk).

3.2.4 Financial risks

3.2.4.1 Risks arising from the financing of the Holdings Group

Greencells GmbH assumes a financing function within the overall group for the development projects and the operating costs of the Holdings Group. The funds required for this were and are mainly raised through the issuance of debt securities under the Green Bond. The debtor is Greencells GmbH, which passes on the cash inflows as loans to companies of the Holdings Group, taking into account the usage requirements specified for the bond. In addition, the GmbH Group provided additional financing services for the sister group, including for operating costs, in the form of loans from the Zahid Group and own funds. As of 31 December 2023, the GmbH Group's receivables from companies in the Holdings Group totaled EUR 83.9m (prior year: EUR 78.3m). Of this amount, EUR 13.9m (prior year: EUR 27.5m) is attributable to trade.

In order to service the debt from the bond (bullet maturity on 9 December 2025), Greencells GmbH is dependent on cash inflows from the Holdings Group. These, in turn, depend on the successful sale of development projects. The value of such projects depends on a large number of external factors that are beyond Greencells' control (electricity prices, government market interventions, grid availability, inflation, interest rates, etc.).

In the second half of 2022, after a lengthy investment phase, the Holdings Group began to concentrate on selling projects and attracting co-investors. Nevertheless, only a few individual disposals were realized and the significant cash inflows expected for Greencells GmbH in the reporting year did not materialize. In place of individual project disposals, management decided in May 2023 to sell the entire development portfolio and business, which is expected to be completed in 2024. Based on the available valuations, this - together with the proceeds from the accompanying measures – should result in a significant to complete repayment of the GmbH Group's receivables from the Holdings Group.

In addition, Greencells GmbH has provided financial guarantees to companies of the Holdings Group. As of 31 December 2023, the maximum risk from a potential claim is EUR 19m (31 December 2022: EUR 96m). The weighted remaining term of the financial guarantees existing as of 31 December 2023 is 1.5 years (31 December 2022: 1.5 years). Management considers the risk of a claim to be low.

In view of the amount of the receivables and their share of total assets, the risk is still rated at level 4 (serious risk). Once the planned reduction has been implemented, the risk will be significantly reduced or completely eliminated.

3.2.4.2 Foreign currency and exchange rate risks

The business activities of the GmbH Group are subject to exchange rate risks. On the customer side, projects outside the euro area (when contracts are concluded in foreign currency) may lead to payments being received in foreign currencies. On the procurement side, foreign currency payments, especially in US dollars, are customary for certain countries and products. Also, “local costs” in the respective project countries are often paid in local currency. In addition, surpluses of incoming or outgoing payments are incurred by group companies abroad, which may also result in currency effects in the balance sheet.

Greencells strives to reduce currency risks as much as possible through natural hedges, i.e., by matching incoming and outgoing payments for a certain project in a single currency. Any significant expected foreign currency surpluses are also hedged by the Treasury team on the basis of payment plans by entering into forward exchange contracts. Nevertheless, deviations from the original payment plan may result in unhedged foreign currency positions.

In view of this, management still rates this as a medium risk (level 2).

3.2.4.3 Interest rate risks

The main external sources of financing for Greencells GmbH in the reporting year are the Green Bond and loans from the Zahid Group. As the interest rate is fixed over the entire term until the end of 2025, the interest rate risk for the amount of the Green Bond already placed is limited to any refinancing at maturity. For the bonds still to be placed (up to a nominal amount of EUR 4,948,000 as of the reporting date), there is an interest rate risk in that the market value and thus the achievable placement price will be reduced if interest rates rise, resulting in a lower cash inflow for the same nominal amount placed.

The interest rates on the Zahid Group’s loans, on the other hand, are fixed. Furthermore, funds to the sister group are transferred on a cost-plus basis, i.e., at the refinancing costs plus a margin, which eliminates any interest rate risk for the GmbH Group.

With the intended repayment of the GmbH Group's receivables from the Holdings Group, the Green Bond is to be repaid in full ahead of schedule and the shareholder loans are to be reduced or repaid. This would eliminate the corresponding interest rate risks. Until then, we will continue to classify these as medium risk (level 2).

3.2.4.4 Liquidity risks

As a rule, the EPC projects of the GmbH Group have a project volume in the single to low triple-digit million range, in particular due to procurement of the components to be installed, essentially the solar modules. The payment obligations to the suppliers are matched by milestone payments by the customers. Ideally, these are arranged in such a way that – also taking into account payment periods and trade finance solutions such as letters of credit – the cumulative incoming payments at any time in the project exceed the cumulative outgoing payments, so that the project is consistently cash flow positive. However, depending on the success of the negotiations (e.g., regarding the customer's payment targets after reaching certain milestones) and the overall assessment of the economic parameters of a project, the project planning may also require often significant bridge financing to be provided by Greencells in certain phases. Unplanned liquidity commitments are also possible, as the achievement of customer payment-triggering milestones requires the complete achievement of all milestone details, i.e., only when the last defined milestone detail is achieved is the entire milestone deemed to have been achieved and therefore billable.

Greencells GmbH is currently implementing individual projects that have an increased need for interim financing. At the same time, the liquidity situation offers little headroom as a result of the amended strategy in the sale of Holdings Group projects and the associated delayed repayments of loans granted. This was taken into account by extending the term of the shareholder loans provided by the Zahid Group. In addition, Greencells GmbH utilized a project-related facility from a bank in the reporting year.

In the course of 2024, management aims to significantly improve the liquidity situation by repaying loans granted from the sale of the Holdings Group's development business, thereby building up a permanent liquidity buffer that is adequate for the size of the Company and can accommodate further growth. With the exception of the transfer of Green Bond funds, the GmbH Group has not provided any further financing for development projects undertaken by the Holdings Group since 2023. In the EPC business, Greencells currently only takes on new projects subject to a structured approval process and that are planned to be cash flow-positive at all times or to only tie up a small amount of working capital at any given time.

Ongoing projects are monitored and controlled with detailed cash flow planning at project level, which in turn feeds into a rolling cash flow plan for the GmbH Group on a weekly and monthly basis, which is updated daily. In this way, liquidity can be managed precisely.

Until the liquidity buffer has been built up, management rates the liquidity risk as serious (level 4) in light of the existing financing needs and the continued uncertainties inherent in the business.

3.2.5 Other risks

3.2.5.1 Risks due to quality issues with racks in the US

In December 2022, a near-completed EPC project in upstate New York was damaged in the winter storm Elliott. Various tables (racks with mounted modules) collapsed under the snow load and strong winds. In March 2024, tables from the same manufacturer collapsed at two other locations of the same customer in the US.

The subsequent analysis, carried out by both experienced in-house and independent experts, revealed that the rack supplier had made engineering errors that required structural improvements. Based on the facts and the discussions and consultations that have already taken place with the supplier and the customer, management assumes that it will not incur any substantial financial losses not covered by the provisions recognized for litigation costs. Nevertheless, unplanned negative effects on earnings and cash flow, particularly in the event of a legal dispute in the US, cannot be ruled out.

The risk from this is therefore assessed as a significant level 3 risk (after level 2 in the prior year).

3.2.5.2 Risk relating to a receivable from the sale of a project in Malaysia

Arising from the sale of a solar park built in Malaysia in 2021, the GmbH Group has a claim against the buyer in an amount of MYR 10.9m (around EUR 2.2m). This claim is disputed by the buyer in the reporting year, who has asserted a counterclaim of around EUR 12m. At the same time, an agent involved in the purchase is claiming outstanding sales commission of around USD 1m. The entire process was the subject of arbitration proceedings in the reporting year. A written settlement was reached on 10 June 2024. The risk (level 2 (medium) in the prior year) has therefore been eliminated.

3.2.6 Summary of the risk situation

Due to the easing of the situation in the reporting year, particularly in the areas of procurement and logistics, as well as various structural internal measures, the risk situation of the group improved slightly, but is still considered challenging overall This applies in particular to liquidity risks and risks arising from the financing of the sister group as well as risks relating to project-related insurance and trade financing requirements as a result. The measures initiated in this regard in the reporting year, mainly the sale of the Holdings Group’s development business, could not be implemented in 2023 as originally planned. They are now at an advanced stage of preparation, meaning that the risk situation should improve and normalize significantly with implementation in the current year.

3.3 Opportunities

Greencells operates in a growth market that plays a key role in limiting global warming. Around the world, sustainability-driven government programs, such as the European Green Deal, are aimed at achieving the transition to renewables. Megatrends such as digitalization, e-mobility, decarbonization of heating and building technology, Industry 4.0 and the growing need for green hydrogen will increase demand in the long term.

Renewable energy sources are economically competitive today. Solar power is now one of the cheapest sources of energy. A boost in public funding for solar power projects and electrification would generate additional growth and profitability opportunities for Greencells.

Another trend is the better integration of energy generation, storage, transport and consumption, facilitated by advancing digitalization. The increasing complexity created by the need for grid integration, demand management, storage, hybrid solutions, agrivoltaics, floating photovoltaics or carport solutions makes Greencells a preferred partner for local developers and investors, as the Company has a wealth of experience, extensive technological expertise and a long track record in the construction of PV farms. In our opinion, this will result in additional opportunities for growth and wider margins.

The emerging Eastern and Southeastern European renewable energy markets (Romania, Serbia, Montenegro, Bosnia, Albania) offer an opportunity for greenfield development with local partners. Greencells has already successfully implemented projects in Eastern Europe and has local operations in Hungary and Romania. These translate into attractive additional potential on the market side.

Thanks to its broad supplier base, Greencells is able to negotiate the cost of components with suppliers and believes that it has a competitive advantage over its rivals. Purchase prices and logistics costs have gradually normalized and, as already mentioned, a significant fall in the price of solar modules has been observed which could open up potential for additional margins in procurement.

Reaping the rewards of the measures taken to increase financial stability, the creditworthiness of Greencells GmbH can improve significantly. In our assessment of the overall situation, this would provide additional scope for growth and attract better financing conditions.

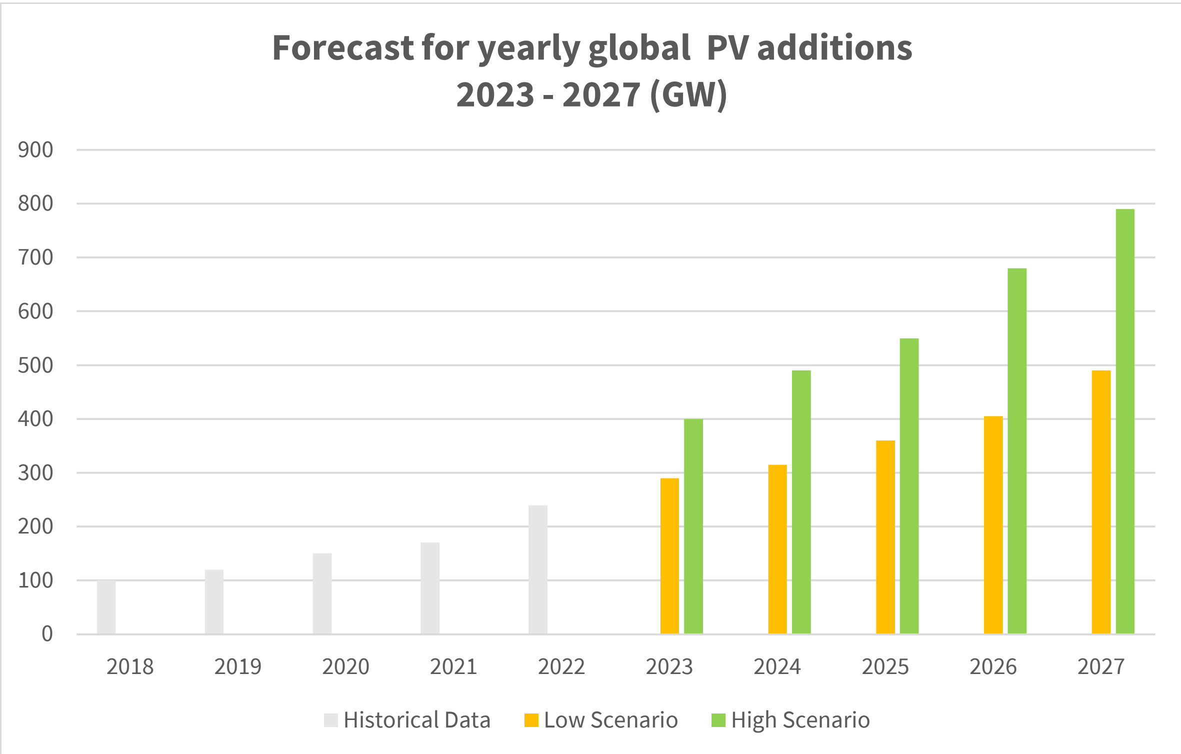
3.4 Outlook

3.4.1 Future macroeconomic conditions for the photovoltaic industry

With the immense challenges posed by climate change and the long-term need for energy self-sufficiency, the demand for solar energy and corresponding power plants will continue to rise in the foreseeable future. The IEA forecasts an increase in global electricity demand of at least 80% by 2050, encompassing all sectors of the economy, with strong drivers in the building sector (cooling, heating, appliances) and industry. E-mobility is the key factor in this regard.[26] In this context, the use of clean energy sources is of utmost importance in order to ensure the concerted global efforts to transition to a net zero economy.

Consequently, the consensus is that the record addition rates achieved to date in the solar industry will continue worldwide. The industry association SolarPower Europe expects solar capacities to increase to up to 3.5 terawatts in 2027.[27] The installed capacity of solar power plants had only exceeded the terawatt target in 2022, so this growth rate is remarkable and a further expression of the industry's strong momentum.

Annual growth rates in the double-digit percentage range are also expected.



Source: SolarPower Europe, 2023b, p. 33

For Europe, SolarPower Europe expects installed capacity in Europe to nearly triple to over 702GW in 2027 in its maximum scenario.

[26] International Energy Agency, 2023a, p. 123/124
[27] SolarPower Europe, 2023a, p. 6

In particular, the segment of utility-scale solar power plants, which is relevant for Greencells GmbH, will continue to be highly dynamic going forward. In SolarPower Europe's medium-term scenario, the European utility-scale sector will grow from a cumulative 89.6 GW in 2023 to 222 GW in 2027, which corresponds to a future market share of 48% in the overall segment of rooftop and ground-mounted photovoltaic systems. The positive momentum is also continuing for roof systems, where installed capacity is expected to increase from 174 GW in 2023 to 355 GW in 2027.[28]

Renewables with a more favorable price profile than fossil fuels

According to the International Energy Agency (IEA), 96% of the utility-scale solar power plants and wind power plants commissioned in 2023 had lower LCOE than new coal or gas-fired power plants. In addition, three quarters of these plants were able to produce electricity below the price level of existing fossil-fueled power plants.[29]

The current oversupply of solar modules on the global market outlined above is having a positive effect on the cost profile of new solar power plants. Due to overcapacity at Chinese manufacturers, module prices fell to a record low in the fourth quarter of 2023. This development supports the profitability of PV projects in a macroeconomic environment that continues to be strained by interest rate hikes and inflation.[30]

The issue of the shortage of skilled workers is still prevalent and is on the political agenda. However, supporting programs are more likely to be effective in the medium term. Management will therefore continue to actively pursue its approach of expanding and training its in-house design team.

Overall, the factors shaping the environment for Greencells' business activities are expected to remain very favorable. Solar energy has a central role to play in tackling the major current and future challenges in the energy industry.

Supported by political and economic willingness to act and backed by a steady inflow of capital, we believe that the solar industry has secure long-term growth potential.

3.4.2 Overall statement regarding the future development of Greencells GmbH

Greencells GmbH continues to operate in a fast-growing and, due to its dynamic nature, challenging market environment. In our opinion, the new business and the pipeline underline the Company's good position in the European market. However, managing growth on the basis of the significant size the Company achieved in recent years remains an

[28] SolarPower Europe, 2023b, p. 44

[29] International Energy Agency, 2024, p.9

[30] SolarPower Europe, 2023b, p. 34

important focus for future development. The strategic and organizational changes implemented in the past two years have set the course for a focused, profitable and risk-oriented continuation of the growth course. The sale of the Holdings Group's development business planned in the current year in addition to the accompanying measures will have a clearly positive impact on key balance sheet ratios, liquidity and the risk situation, strengthening the Company's foundation in its core business. The focus on the EPC business in Europe will also help to continuously improve and stabilize the performance of our projects, despite the inherent and therefore unavoidable risks in the construction business, and to avoid negative outliers.

The strategic transformation and the associated positive effects will not be fully realized until 2024. The current fiscal year therefore represents another year of transition in this respect. Liquidity, guarantees and bank guarantees are still limited, which means that projects must be selected with particular care and profitability and cash flow must be prioritized over revenue growth.

For accounting reasons, a number of projects that were already well advanced in 2023 (EUR 142.9m in work in process as of 31 December 2023) will be billed and recognized as revenue in 2024. In total, the revenue pipeline is spread over 30 (prior year: 20) different projects. Furthermore, there are a large number of additional project opportunities that can be evaluated in a structured process and accepted as and when capacity is available. We therefore expect revenue of at least EUR 200m for 2024.

The accounting-related catch-up effect on revenue is also expected to result in significantly improved and significantly positive earnings before interest and taxes (EBIT) of over EUR 10m and a return on sales after taxes of over 2.0%.

The sale of the Holdings Group's development business will likely allow a substantial amount of liabilities to the GmbH Group to be repaid. This is anticipated to lead to a significant improvement in the net liquidity of the Company and the balance sheet ratios.

In the following year 2025, the measures described above are expected to result in a continuation of the growth trajectory with further significant increases in revenue and EBIT and an improvement in margins, combined with a much more stable liquidity position and solid balance sheet ratios, although temporary distortions may also occur due to year-end cut-offs – as in the current year.

4. Subsequent events

On 26 June 2024, the management board decided to call the Green Bond with an outstanding volume of EUR 47.1m, complying with the minimum notice period of 30 days until 29 July 2024 in accordance with the terms and conditions of the bond, and to repay 102% of the nominal amount plus interest accrued up to that date. The repayment is to be made from bank financing, which Greencells Energy NL B.V., a subsidiary of Greencells Group Holdings Ltd., will receive from an international bank in Austria and pass on to Greencells GmbH for the purpose of repaying the bonds and in fulfillment of liabilities to Greencells GmbH.

The receivables from the sister group and the liabilities from the Green Bond will therefore be reduced by the corresponding amount in the current fiscal year and the total equity and liabilities will be significantly reduced (with all other variables held constant). The lower level of debt and higher equity ratio lead to a significant improvement in the risk position of the Group.

The general manager (CFO) Götz Gollan will leave the Company when his contract expires on 31 August 2024. Tobias Nicolay has been appointed as his successor as CFO with individual signing authority and takes up his position on 1 July 2024. Andreas Hoffmann will continue to manage the Company at management level.

Saarbrücken, 27 June 2024

Greencells GmbH

Andreas Hoffmann	Götz Gollan
General Manager	General Manager

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Translation from the German language

Engagement Terms, Liability and Conditions of Use

We, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the auditor's report is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the auditor's report is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of this financial reporting and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungs-gesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the auditor's report to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this auditor's report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor’s negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor’s report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor’s written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor’s claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.